

# West Oakland Specific Plan Market Opportunity: *Housing, Retail and Arts*

*Prepared for*

The City of Oakland

*Under subcontract to*

JRDV Architects

DECEMBER 2011



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DECEMBER 2011

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## I. INTRODUCTION

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### A. Report Purpose and Context

This report was prepared by Conley Consulting Group (CCG), under subcontract to JRDV architects to review the market opportunities for real estate development in the West Oakland Specific Plan Area (Planning Area). This report considers the potential for development of residential and retail in the Planning Area. The potential for industrial uses in the Planning Area will be considered in a separate effort by Hausrath Economics Group

### B. Steps Undertaken

CCG undertook the following steps and analyses in preparing this market assessment:

- Assessed the impact of current economic conditions and projected future national and regional economic conditions on market opportunities in the Planning Area.
- Evaluated the current demographic characteristics of Oakland and the Planning Area.
- Analyzed the Oakland housing market, focusing on recent housing activity in the Planning Area. Projected long term demand for new housing was examined in the context of historical trends in housing production in the Planning Area.
- Examined retail performance trends and leakage in the Planning Area. Analyzed current and future demand for retail by area residents and employees.
- Reviewed the impact of the artist and arts related activity in the Planning Area.
- Evaluated the impact of crime on development opportunities in the Planning Area.

### C. Report Organization

After this first section, which is the Introduction, this report is organized as follows:

**Section II.** Is a **Summary of the Findings and Conclusions** of this effort.

**Section III.** Describes the **Economic Context** at the time this report was written, and the **Demographic Conditions** and projections that underlay this analysis.

**Section IV.** Describes current **Housing** market conditions and the likely longer term future opportunities for the Planning Area.

**Section V.** Presents the **Retail** conditions in the Planning Area, the segments of market support for retail, and considers the future retail opportunity.

**Section VI.** Describes Planning Area **Arts** activities.

**Section VII.** Presents Planning Area **Crime** trends.

**Section VIII.** Provides the **Caveats and Limitations** of this analysis

## **II. SUMMARY OF FINDINGS AND CONCLUSIONS**

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As part of the planning process for the West Oakland Specific Plan (WOSP), Conley Consulting Group has prepared this assessment of the opportunity for of retail and residential development in the Planning Area. The industrial and business development potential is evaluated separately in an associated study performed by Hausrath Economics Group.

### **A. Population and Demographics**

The Planning Area has a population base of roughly 25,000 people, a 15% increase since 1990. The population of West Oakland declined from around 40,000 in 1950 when the post war economic contraction was already underway. While the Planning Area's population grew more rapidly than the city as a whole, the number of area households actually declined by nearly 3%. In the last 20 years there has been a major shift in the area's ethnic and racial composition. The number and proportion of African Americans declined significantly, from 77% to 53%, and the number of whites, Latinos, and Asian residents increased, making the area more diverse. Area households are larger than average for Oakland, have more children under 18 years at home, and own fewer cars.

The Planning Area remains much less affluent than the rest of the City. The area has a household median income only 60% of the City-wide average. While Planning Area households' median income rose sharply between 1990 and 2000, it rose at about the same rate as the City as a whole between 2000 and 2010. Planning Area households are overwhelmingly renters (at 78%), a much higher share than the 58% of Oakland households who are renters.

### **B. Employment**

Most Planning Area residents (81%) commute to jobs outside of the City of Oakland, while most of the 10,513 employees in the Planning Area (76%) live outside of the City. Only 42% of Planning Area residents over 16 years of age participate in the workforce (e.g. are either employed or actively looking for work), and the official unemployment rate of 27% likely underestimates the number of area residents who would work if employment opportunities were available. Overall, there is about a 25% overlap between area jobs and employed residents.

### **C. Housing**

The best source of information on recent housing development in the Planning Area is Census based data, which is not altogether reliable. According to that data, more than 1,500 units were built since the year 2000. That rate of new housing development is greater than any other decade, including the war year boom of the 1940's.

Apartment rents in the Planning Area have declined slightly since the national housing market collapsed in 2008, with the exception of rents for one bedroom units, which have risen 4% since 2009. In contrast, rapidly rising rents in San Francisco and the Silicon Valley is generating interest in new apartment construction in those markets. However, median unit sales prices rose slightly in 2010 to \$228,500 from \$225,000 in 2008 and a low of \$157,000 in 2009. As also happened in Oakland, home sales prices in the Planning Area were depressed by frequent foreclosure sales in 2009, but unlike the citywide trend median Planning Area median sales prices have now recovered.

There are 1,562 approved new units in the development pipeline for the area, but the development status of many of these projects are uncertain, given the current housing market crises affecting regional and local market.

The master-planned development at 16<sup>th</sup> and Wood Streets was originally planned for 1,500 units on 29 acres for an average density of just over 50 du/acre. The first two market rate developments at 16<sup>th</sup> and Wood, totaling 293 units, came on line in 2007 just as the housing market stalled. Sales absorption has been slow - down to 2 units a month at some points. These units have not yet sold out, and plans for the other proposed market rate development have been put on hold or abandoned until the national and city market recovers. The current Wood Street developments have not achieved a critical mass that would create a separate community character from the surrounding area, including issues of resident safety. There is some indication that the remaining sites will be developed at lower densities than permitted under the master plan. Ironhorse, a 99 unit affordable apartment project was successfully developed and leased up. Recent sales prices at 16<sup>th</sup> and Wood have been in the range of \$263,000 for 900 square foot (SF) 1bd 1.5 bath loft to \$400,000 for 1,100 SF, 2 bd, 2bath townhouse.

Successful small scale development in the Dogtown neighborhood on the Emeryville border has captured good buyer response to for sale townhouse/loft projects (four to twelve units). Newer developments by a handful of developers in that area are lower density, duplexes and single family projects. The dominant buyer profile for these units is former San Francisco renters attracted to affordable home ownership opportunities and who prefer new modern units, first time homebuyers, workers in the tech and creative industries, some of whom work out of their homes. Many of these buyers came from San Francisco neighborhoods like the Mission and are already comfortable with urban living. There are more males than females in this buyer pool. In combination with the nearby successful 91 unit West End Commons and the 40 loft and townhouse units at the old Clawson School site, there is a critical mass of new housing in the Dogtown neighborhood. Advertisements for units in this area currently emphasize proximity to Emeryville. Developers report that Dogtown residents take advantage of the nearby Emery-go-Round shuttle to access the MacArthur BART station. Sales prices have ranged from \$300,000 for 1,000 SF townhome/lofts to \$470,000 for 1500SF, 2 bedroom lofts.

During the housing market boom of the century's first decade, an average of 120 units/year were built in the Planning Area. ABAG projects new housing development at 236 units per year in the area through 2035, nearly double the recent rate. For the remainder of the current decade, the Planning Area housing development opportunity will likely be limited to an average of 100 units/ year. Development of a quality TOD project at the BART station in a wood frame configuration with suitable amenities might raise Planning Area housing absorption to 150 units per year.

Assuming significant area improvements and amenities are forthcoming in this decade, after 2020 the average absorption rate could increase to 200 units per year. This will require attracting different market segments to the Planning Area than have historically been captured. These segments are unlikely to be attracted without significant area wide improvements, likely choosing other TOD opportunities instead.

Affordable housing will be readily absorbed even without area improvement. However, a funding source to fill the feasibility gap, which has averaged \$140,000 per unit in the recent past, must be secured if Redevelopment is tax increment set aside funds are no longer available.

#### **D. Retail**

While the Planning Area generates a slightly higher share of the City's sales tax than its share of Oakland's population (7% and 6%, respectively), retail uses generate less than half of the sales tax in the area, with the majority of sales tax coming from non retail businesses, industrial and construction related activity, arts and creative uses, services, and businesses that primarily serve regional versus the local consumers. Planning Area retail does not serve the retail needs of its residents, with an average of 63% of the residents' potential sales in lost as leakage. Although the underserved expenditure potential, or leakage, could support another 325,000 SF of new retail, it will likely not be feasible to capture a significant part of this potential because the Trade Area is small and isolated from other neighborhoods, and because there are currently not enough established retail locations that can offer tenants a high probability of successful operations.

There are two near term retail opportunities in the Planning Area:

- A full sized grocery store, which could re-capture the 51,000 SF of food store leakage as well as sales now going to liquor and corner stores.
- Large format stores that may locate on sites with good freeway access to serve the larger regional market while also providing goods and services to Planning Area residents.

In the longer term, with significant urban improvements, crime reduction, and a larger population and employment base as a result of implementing the WOSP, the retail potential is:

- A drug store or other convenience uses, most effectively co located with a grocery store
- Comparison goods retail, including both popularly priced retail (if a satisfactory shopping environment is created), or large format stores. There is potential to add more small shops at the existing Jack London Gateway shopping center.
- More restaurants like Brown Sugar Kitchen and Nellie's Soul Food that serve employees, residents and attract out of area customers.
- The amount of new retail which could potentially be developed is a function of the area's future population and employment base, which will be an outcome of the final WOSP.

#### **D. Crime**

High Planning Area's crime rates are a serious impediment to the quality of life for existing residents as well as a barrier to attracting other housing market segments to the area. Although Oakland police officers interviewed for this report state that most violent crimes against people in the Planning Area are committed against victims who are themselves involved in criminal activity, the crime rate is still a serious barrier to attracting residents and business. It is unlikely that the goals of the WOSP can be realized without significant safety improvements to the area.

#### **E. Arts**

Artists have lived and worked in the Planning Area since at least the mid 1970's and likely before then, attracted to the availability of affordable large scale work and living spaces. The last



economic cycle pushed artists out of fast growing San Francisco neighborhoods and formerly abandoned industrial districts. The Planning area's obsolete industrial buildings have been transformed into workspaces for arts studios (American Steel), Trapeze Arts, and institutions like the Crucible (fire arts). Arts uses are price sensitive, and are likely to be displaced by rising property values and rents following significant revitalization in the Planning Area. The price sensitivity applies to both residential and production arts uses.

### III. ECONOMIC CONTEXT AND DEMOGRAPHICS

#### A. Planning Area Definition

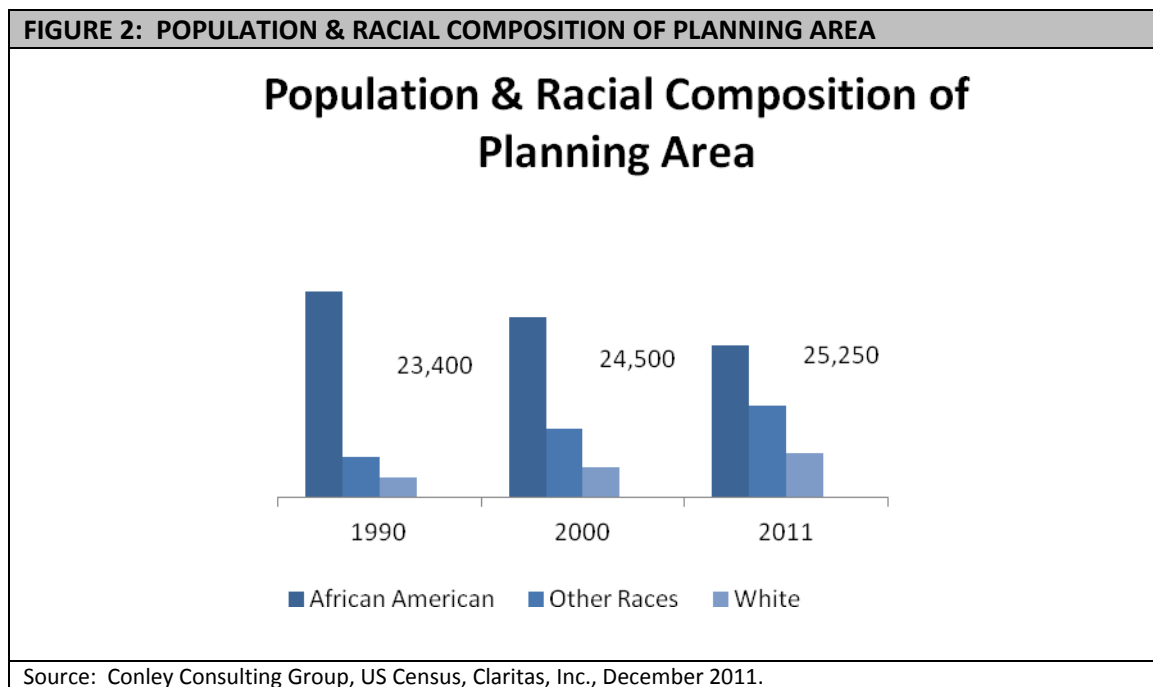
The West Oakland Specific Plan Planning Area is largely defined by the major freeways that form the perimeter of the district, with The I-580 freeway to the North, the segment of I-880 that runs north to the Bay Bridge to the East, the I-980 freeway to the west and the edge of the Port's jurisdiction to the south (see Figure 1). The Planning Area includes just less than 1,700 acres on the westernmost edge of the City of Oakland, California.



## B. Demographic Conditions

### 1. Population, Ethnicity and Households<sup>1</sup>.

The Planning Area population grew from approximately 23,400 to 25,250 persons between 1990 and 2011, an increase of 15%. During that period the City of Oakland's population increased by only 11%. However, the reported number of households actually declined, so the population growth is a result of larger households in the Planning Area (See Table 1.)



West Oakland has been a primarily African American community since the mid 20th Century. However, while African Americans are still the largest racial group in the Planning Area, in recent decades the area has become more diverse, and in 2011 African Americans now represent only a slight majority of area residents. While the Planning Area still has a higher concentration of African Americans and a lower proportion of whites and Hispanics than the rest of Oakland (see Table 2), there have been significant shifts in the ethnic composition of the Planning Area residents over time. The White and Hispanic populations have both increased, both in absolute number and as a portion of Planning Area residents, while the number of African Americans decreased by 24.6% between 1990 (when 18,000 African Americans represented 77% of the

<sup>1</sup> Analysis of current Planning Area population and demographics is primarily based on data from Claritas, a commercial provider of census-based data. The US Census and Census-based sources are widely believed to undercount population and income in communities with a large proportion of minorities and recent immigrants, such as the City of Oakland. Social Compact estimated that the 2000 Census undercounted 3,800 Oakland households and 13,000 residents. The State of California asserted that the 2010 U.S. Census underestimated the state's population by 1.5 million persons. Nevertheless, for this evaluation we use census based data sources because they are the most robust sources available.

area's population) and 2011 (when just over 13,000 African Americans represented 53% of the population, see Table 1).

As stated above, the reported number of households in the Planning Area actually decreased from 8,683 to 8,431 between 1990 and 2011. Part of that decrease is due to the Hope VI funded demolition and reconstruction of the Chestnut/ Linden and Westwood Gardens public housing projects. At the time of the 2000 census, 129 public housing units had been demolished. By Fall, 2004 development of 309 replacement units was completed<sup>2</sup>.

The average household size in the Planning Area increased between 1990 and 2011. In that period, the average household size increased from 2.67 to 2.90 persons per household and the percentage of households with children rose sharply from 40% to 60%. Citywide, in 2011 the average household size in Oakland was smaller than in the Planning Area at 2.66 persons, and only 57% of households included children under 18 years of age.

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<sup>2</sup> 1990 and 2000 data was collected from the US Census, while Claritas was the data source for 2011 information. We acknowledge that using different data sources may introduce inconsistencies which make the data more difficult to analyze.

**TABLE 1: 1990, 2000, & 2011 PLANNING AREA DEMOGRAPHICS**

	<u>1990</u>		<u>2000</u>		<u>2011</u>	
<b>Population</b>	23,397		24,477		25,246	
<b>Race</b>	#	%	#	%	#	%
White alone	1,733	7%	2,682	11%	3,898	15%
Black or African American alone	18,085	77%	15,796	65%	13,307	53%
Am. Indian/Alaska Native	113	0%	180	1%	243	1%
Asian or Pacific Islander	2,141	9%	2,353	10%	2,903	11%
Other race	1,325	6%	3,466	14%	4,894	19%
Hispanic	2,040	9%	3,814	16%	5,595	22%
Non-Hispanic	21,357	91%	20,663	84%	19,651	78%
Households	8,683		8,403		8,431	
Households With Children	3,461	40%	3,499	42%	5,068	60%
Housing Units	9,866		9,651		10,444	
Owner-occupied Housing Units	1,745	20%	1,751	21%	1,838	22%
Renter-occupied Housing Units	6,938	80%	6,652	79%	6,593	78%
Average Household Size	2.67		2.81		2.90	
Median Household Income	\$12,306		\$22,424		\$27,055	

Source: Conley Consulting Group, US Census 1990 and 2000 and Claritas 2011, December, 2011.

Note: Note that Claritas boundaries may not be exactly the same as the Census boundaries. To facilitate a direct comparison, for 2000 and 2011 Asian Alone and Native Hawaiian and Other Pacific Islander alone were combined into the 1990 category Asian or Pacific Islander and all other categories not listed were combined into the 1990 category Other race.

**TABLE 2: PLANNING AREA VS. CITYWIDE POPULATION CHARACTERISTICS**

	<u>Planning Area</u>		<u>Oakland</u>		Planning Area as % of City
	<b>2011</b>	<b>%</b>	<b>2011</b>	<b>%</b>	
Total Population	25,246		412,602		6.1%
Population by Race					
White	3,898	15.4%	137,091	33.2%	2.8%
Black or African American	13,307	52.7%	115,927	28.1%	11.5%
American Indian and Alaska Native	243	1.0%	2,974	0.7%	8.2%
Asian	2,832	11.2%	70,936	17.2%	4.0%
Native Hawaiian and Pacific Islander	71	0.3%	2,255	0.5%	3.1%
Some Other Race	3,156	12.5%	58,758	14.2%	5.4%
Two or More Races	1,738	6.9%	24,661	6.0%	7.0%
Hispanic or Latino Population					
Total Population	5,595	22.2%	117,698	28.5%	4.8%
Total Households	8,431		152,485		5.5%
Households with Children	5,068	60%	87,152	57%	5.8%
Average Household Size	2.90		2.66		
Average Household Income	\$40,855		\$69,587		
Median Household Income	\$27,055		\$47,630		
Per Capita Income	\$13,883		\$26,073		
Household Tenure					
Owner Occupied	21.8%		41.6%		
Renter Occupied	78.2%		58.4%		

Source: Conley Consulting Group, Claritas, Inc., October, 2011

## 2. Residents' Educational Attainment

Planning Area residents have lower average educational attainment compared to the City of Oakland as a whole. The majority (84%) of persons 25 years and older have either a high school diploma or less education, in contrast to 66% of Oakland residents. Similarly, while only 6% of Planning Area residents have a college or advanced degree, the rate is 35% for the City as a whole. Planning Area residents are at an educational disadvantage in the in the highly educated Bay Area.

**TABLE 3: 2011 EDUCATIONAL ATTAINMENT FOR POPULATION 25+ IN PLANNING AREA**

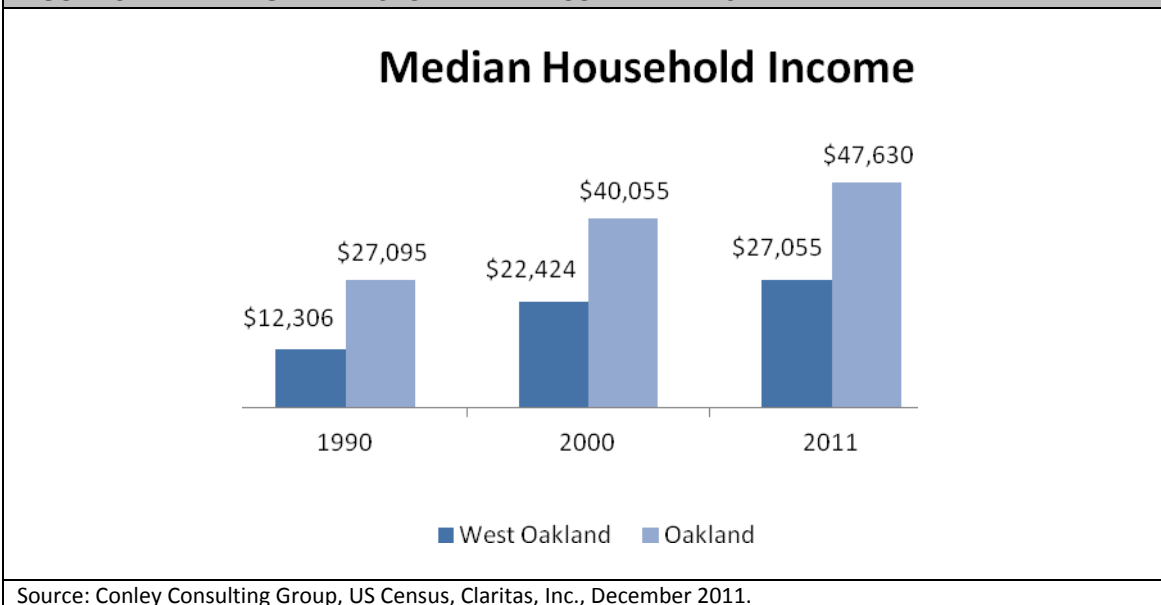
	<u>Planning Area</u>		<u>Oakland</u>	
	#	%	#	%
Total Estimated Population 25+	15,475		282,207	
No High School Diploma	4,628	30%	64,661	23%
High School Diploma	8,301	54%	120,100	43%
Bachelor's Degree	1,675	11%	56,268	20%
Advanced Degree	871	6%	41,178	15%

Source: Conley Consulting Group, Claritas, Inc., December 2011.

### 3. Household Income

The majority (66%) of Planning Area households have incomes below the federally defined poverty level. Planning area incomes are significantly lower than for the City as a whole. In 2011 median and average household incomes for the Planning area represented less than 60% of Oakland's median and average incomes. Given the larger household sizes in the Planning Area, per capita incomes are also much lower than average for Oakland (See Table 2).

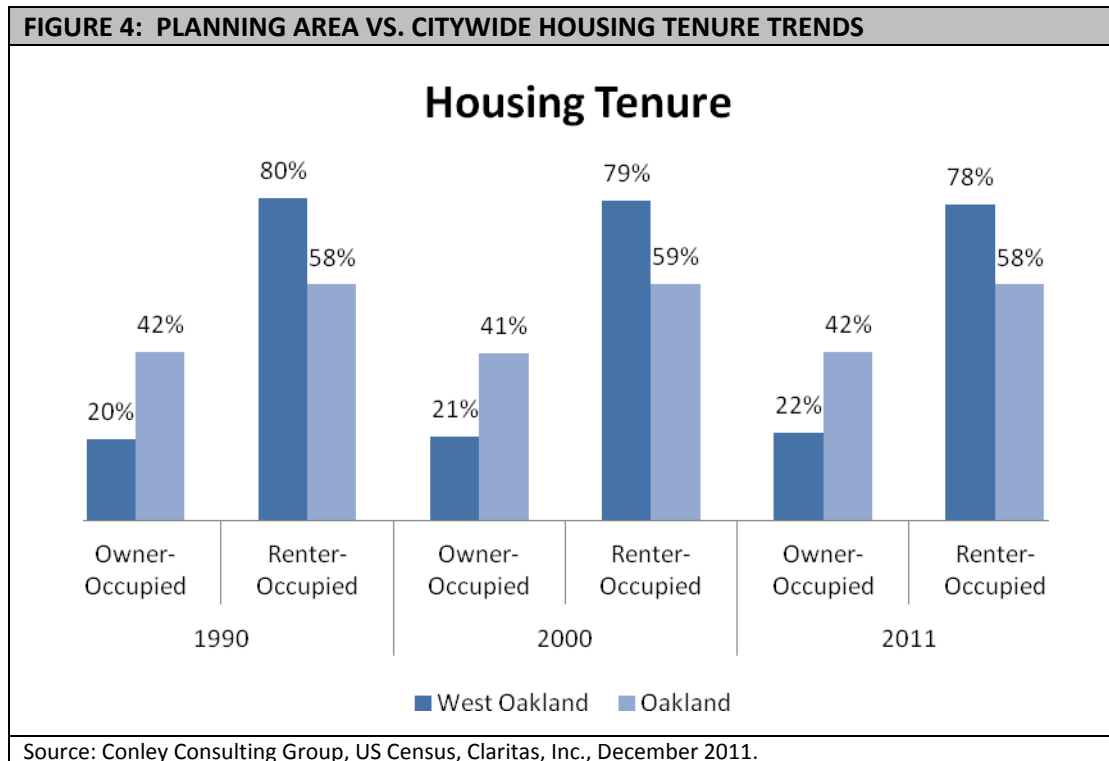
Planning Area median incomes rose sharply between 1990 and 2000, from \$12,306 in 1990 to \$22,424 in 2000 (an 82% increase) and again to \$27,055 by 2011 (just over a 20% increase). Planning Area incomes rose faster than for the City as a whole, particularly between the years 1990 and 2000. Between 1990 and 2000 Oakland household incomes rose by less than 50%, a much smaller rate compared to households in the Planning Area. However, between 2000 and 2011 citywide household incomes increased by 18%, similar to the Planning Area. However, in 2011 Planning Area household incomes are still only 60% of citywide median household incomes.

**FIGURE 3: PLANNING AREA VS. CITYWIDE INCOME TRENDS**



#### 4. Housing Tenure

Most households in the Planning Area live in rental housing units. At 22%, the Planning Area's homeownership rate is only about half that of the City of Oakland (42%). The homeownership rate has remained relatively constant from 1990 to 2011 for both the Planning Area and the City as a whole. However, Planning Area home ownership rates rose slightly between 1990 and 2011, while citywide ownership rates fell slightly during that time.



#### 5. Planning Area Employment

##### a. Labor Force Participation

Planning Area residents are far less likely to be employed or to participate in the labor force than Oakland residents as a whole.<sup>3</sup> In 2011, only 42% of Planning Area residents over age 16 were employed in civilian workplaces, compared with 55% of similar Oakland residents. Roughly 42% of Planning Area adults are reported as not participating in the labor force, compared to

<sup>3</sup> Labor force participation for adults over 16 is defined as persons who are either employed or actively seeking employment. Discouraged workers whose unemployment has persisted past their eligibility for unemployment benefits are classified as not participating in the labor force, regardless of their desire to work, so this measure likely underestimates the number of people who would work if employment opportunities were available.



only 36% of City residents. It is likely that the reported 27% unemployment rate underestimates number of potential job seekers in the Planning Area.

**b. Employee Commute Patterns**

Most employed residents of both the Planning Area and City of Oakland commute to jobs located outside of the City. Only 29% of people who lived in the Planning Area worked at jobs located in Oakland, with majority of residents commuting to jobs in San Francisco and, to a lesser degree, Berkeley. The City of Oakland as a whole has similar commute patterns (see Table 4).

<b>TABLE 4: 2009 WORK DESTINATION - WHERE WORKERS ARE EMPLOYED WHO LIVE IN THE PLANNING AREA &amp; OAKLAND</b>				
	<u>Planning Area</u>		<u>Oakland</u>	
	#	%	#	%
<b>Total All Jobs</b>	7,569	100%	152,138	100%
Oakland city, CA	2,170	29%	43,961	29%
San Francisco city, CA	1,588	21%	27,712	18%
Berkeley city, CA	669	9%	12,027	8%
San Jose city, CA	242	3%	2,365	2%
Emeryville city, CA	198	3%	3,256	2%
Fremont city, CA	166	2%	-	-
Hayward city, CA	146	2%	4,557	3%
San Leandro city, CA	122	2%	4,271	3%
Concord city, CA	110	1%	-	-
Walnut Creek city, CA	93	1%	2,051	1%
All Other Locations	2,065	27%	46,503	31%
Alameda city, CA	-	-	3,330	2%
Richmond city, CA	-	-	2,105	1%

Source: 2009 LEHD.

Note: Places for which no data is available for a particular geographic area indicates that less than 1% of residents work in that place.

For both the Planning Area and the City as a whole, the majority of workers at area workplaces commuted into the City from other communities, with only approximately a quarter of workers in each area being Oakland residents. The other cities where a significant proportion of West Oakland workers lived include San Francisco, Richmond, and Alameda. The other places of residence for a significant number of workers employed at jobs located in the City of Oakland include San Francisco, San Leandro, Alameda, Hayward, and Berkeley. (See Table 4).

**TABLE 5: 2009 HOME LOCATION - WHERE WORKERS LIVE WHO ARE EMPLOYED IN PLANNING AREA & OAKLAND**

Total Employment (All Jobs)				
	<u>Planning Area</u>		<u>Oakland</u>	
	#	%	#	%
	10,513	100%	171,522	100%
Jobs Counts by Places Where Workers Live				
Oakland city, CA	2,546	24%	43,961	26%
San Francisco city, CA	804	8%	12,031	7%
Richmond city, CA	473	4%	3,901	2%
Alameda city, CA	400	4%	5,885	3%
Piedmont city, CA	353	3%	-	-
Berkeley city, CA	298	3%	5,030	3%
Hayward city, CA	269	3%	5,251	3%
San Jose city, CA	196	2%	3,651	2%
Walnut Creek city, CA	182	2%	-	-
San Leandro city, CA	170	2%	6,460	4%
All Other Locations	4,822	46%	78,933	46%
Castro Valley CDP, CA	-	-	3,489	2%
Fremont city, CA	-	-	2,930	2%
Source: 2009 US Census LEHD.				
Note: Places where less than 1% of workers live are included in All Other Locations and are not individually reported.				

### c. Employment by Industry

According to the US Census, compared to the City as a whole, there is a higher concentration of jobs in the Planning Area in industrial and construction-related industries. Meanwhile, citywide there are more jobs in the educational services and professional, scientific, and technical services sectors.

There is also a difference in earnings between jobs in the Planning Area jobs and citywide jobs<sup>4</sup>. A bigger proportion of Oakland's workers earned higher wages (defined as having earnings over \$3,333 per month) than workers employed in the Planning Area. However, there are also a higher portion of low earning workers in the City as well (earning \$1,250 or less per month) compared to Planning Area firms.

<sup>4</sup> The data only distinguish between broad monthly earnings levels, those earning less than \$1,250 and those earning more than \$3,333.

**TABLE 6: 2009 EMPLOYMENT PROFILE OF PLANNING AREA & OAKLAND JOBS**

	<u>Planning Area</u>		<u>Oakland</u>	
	#	%	#	%
<b>Total All Jobs</b>	10,530	100%	171,522	100%
Jobs by Earnings				
\$1,250 per month or less	2,115	20%	37,421	22%
\$1,251 to \$3,333 per month	3,765	36%	47,535	28%
More than \$3,333 per month	4,650	44%	86,566	51%
<b>Jobs by NAICS Industry Sector</b>				
Agriculture, Forestry, Fishing and Hunting	20	0%	182	0%
Mining, Quarrying, and Oil and Gas Extraction	2	0%	13	0%
Utilities	88	1%	2,588	2%
Construction	909	9%	6,551	4%
Manufacturing	1,416	13%	8,646	5%
Wholesale Trade	1,275	12%	8,183	5%
Retail Trade	2,261	21%	14,748	9%
Transportation and Warehousing	1,065	10%	11,766	7%
Information	116	1%	4,052	2%
Finance and Insurance	134	1%	4,997	3%
Real Estate and Rental and Leasing	105	1%	3,112	2%
Professional, Scientific, and Technical Services	360	3%	14,715	9%
Management of Companies and Enterprises	104	1%	4,081	2%
Administration & Support, Waste Management and Remediation	265	3%	6,905	4%
Educational Services	231	2%	18,744	11%
Health Care and Social Assistance	807	8%	24,767	14%
Arts, Entertainment, and Recreation	115	1%	4,093	2%
Accommodation and Food Services	486	5%	11,199	7%
Other Services (excluding Public Administration)	769	7%	14,452	8%
Public Administration	2	0%	7,728	5%

Source: 2009 US Census LEHD.

Note: Totals may not add to due to independent rounding

**d. Residents' Jobs**

Jobs held by Planning Area residents are more diverse in terms of industrial sectors than the jobs located in the Planning Area. It is notable that few Planning Area residents were employed in the higher paying industrial and construction-related sectors that represent a majority of jobs in the Planning Area. Instead, most employed Planning Area residents worked in the service sector, with a small proportion employed in more advanced professional, scientific, and technical service jobs.

In contrast, citywide 52% of employed Oakland residents worked in the service sector, with another 9% employed in retail. Interestingly, while the distribution of jobs in the Planning Area and the City differed, the most common jobs filled by Planning Area and City of Oakland residents were in the same sectors. The most notable difference is that a bigger proportion of Planning Area residents are employed in the retail sector, while more citywide Oakland residents were employed in white-collar professional, scientific, and technical service jobs. This is also reflected in residents' earnings. A larger percentage of Planning Area residents' earnings were at the bottom of the scale (\$1,250 or less per month), while a larger percentage of Oakland residents made more than \$3,333 per month.

**TABLE 7: 2009 EMPLOYMENT PROFILE OF PLANNING AREA & OAKLAND RESIDENTS**

	<u>Planning Area</u>		<u>Oakland</u>	
	Count	Share	Count	Share
<b>Total All Jobs</b>	7,569	100%	152,138	100%
Jobs by Earnings				
\$1,250 per month or less	2,474	33%	37,674	25%
\$1,251 to \$3,333 per month	2,634	35%	46,903	31%
More than \$3,333 per month	2,461	33%	67,561	44%
<b>Jobs by NAICS Industry Sector</b>				
Agriculture, Forestry, Fishing and Hunting	37	0%	864	1%
Mining, Quarrying, and Oil and Gas Extraction	3	0%	67	0%
Utilities	43	1%	1,088	1%
Construction	242	3%	5,296	4%
Manufacturing	406	5%	8,991	6%
Wholesale Trade	236	3%	5,312	4%
Retail Trade	830	11%	13,065	9%
Transportation and Warehousing	330	4%	5,749	4%
Information	220	3%	4,795	3%
Finance and Insurance	241	3%	5,554	4%
Real Estate and Rental and Leasing	133	2%	2,908	2%
Professional, Scientific, and Technical Services	602	8%	15,786	10%
Management of Companies and Enterprises	148	2%	2,939	2%
Administration & Support, Waste Management and Remediation	401	5%	7,535	5%
Educational Services	844	11%	19,538	13%
Health Care and Social Assistance	977	13%	18,860	12%
Arts, Entertainment, and Recreation	204	3%	3,857	3%
Accommodation and Food Services	661	9%	12,330	8%
Other Services (excluding Public Administration)	802	11%	13,396	9%
Public Administration	209	3%	4,208	3%

Source: 2009 US Census LEHD.

Note: Totals may not add due to independent rounding.

e. **Ethnic Composition of Planning Area Job Holders**

As shown in Table 7, in 2009 most people employed in the Planning Area were White (61%), followed by Latinos, African Americans and Asians. There is a larger difference between the ethnic composition of job holders and residents in the Planning area than for the City of Oakland as a whole.

**TABLE 8: 2009 JOBS BY WORKER RACE & ETHNICITY, PLANNING AREA & OAKLAND WORKERS & RESIDENTS**

	<u>Planning Area</u> <u>Workers</u>		<u>Planning Area</u> <u>Residents</u>		<u>Oakland Workers</u>		<u>Oakland</u> <u>Residents</u>	
	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
<b>Jobs by Worker Race</b>								
White	6,458	61%	2,933	39%	96,143	56%	78,806	52%
Black or African American	1,889	18%	2,913	38%	30,878	18%	35,500	23%
American Indian/Alaska Native	100	1%	100	1%	1,547	1%	1,470	1%
Asian	1,697	16%	1,301	17%	37,038	22%	30,798	20%
Native Hawaiian/Pacific Islander	81	1%	45	1%	995	1%	847	1%
Two or More Race Groups	305	3%	277	4%	4,921	3%	4,717	3%
<b>Jobs by Worker Ethnicity</b>								
Not Hispanic or Latino	7,798	74%	6,281	83%	140,83	82%	125,23	82%
Hispanic or Latino	2,732	26%	1,288	17%	30,692	18%	26,905	18%
Source: 2009 US Census LEHD.								
Note: Totals may not add to due to independent rounding								

## IV. HOUSING

### A. Housing Inventory

In 2011, according to Claritas, the Planning Area included an estimated 10,444 housing units, of which only 8,431 are occupied, leaving a surprisingly high 19.3% vacancy rate. Claritas estimated the housing inventory for the City of Oakland at 162,761 housing units with a 6.3% vacancy rate, significantly less than Planning Area. Multifamily units represent 65% the total Planning Area housing units. In the Planning Area 33.57% of housing units are single family units (both detached and attached) with the remainder being mobile homes, trailers, etc. The Planning Area has a low population density of 9,503 persons per square mile, compared to the 15,752 persons per square miles in the nearby Central District of Downtown Oakland.

There are proportionately more renter versus owner households in the Planning Area (which is 78.2% renters), than in the City (which is only 58.4% renters). The high proportion of renter households is partially attributed to the high concentration of public and multifamily low income rental units in the Planning Area.

### B. Housing Development Trends

#### 1. Citywide Trends

Table 9 shows historic housing unit building permit activity in Oakland between 1990 and 2010. We note that the number of permits issued in a given year does not necessarily translate directly into housing unit construction. However, over time there is a strong correlation between permit and construction activity, and this permit activity is a reflection of what housing developers and the City intends to construct and add to the housing stock.

TABLE 9: RESIDENTIAL BUILDING PERMITS 1990 - 2010					
Year	CITY OF OAKLAND				
	Single Family Units	Multi-Family Units	Total Units	% Sing. Fam	% Multi Fam
Avg. / Yr. ('90 - '99)	290	242	532	54%	46%
Avg. / Yr. ('00 - '10)	200	763	964	21%	79%
Avg. / Yr. ('00 - '03)	210	588	798	26%	74%
Avg. / Yr. ('04 - '06)	256	1,368	1,623	16%	84%
Avg. / Yr. ('07 - '10)	150	485	634	24%	76%
Source: Conley Consulting Group, U.S. Census Bureau; December 2011					

## Between 1990 and 1999

During the housing boom of the last decade of the twentieth century, building permits were issued for a total of 5,319 housing units, an average of 532 per year. Of these permits, 54% (2,897) were for single family and 46% (2,422) were for multifamily housing construction.

## Between 2000 and 2010

Between 2000 and October 2010 permits were issued for 10,599 housing units (roughly 964 per year), of which 79% were for multifamily units. Permit activity in this decade can be segmented into three phases:

- **Early Decade (2000 to 2003)** – After the sharp decline of the “dot com” economy, the 9/11 tragedy, and the recession of 2001, a declining housing market was revived by low interest rates and permissive mortgage lending practices. During this period, 74% of building permits were issued for multifamily units. In contrast, in the 1990s 46% of permits in Oakland were for issued multifamily units. On average, permits for 798 units were issued per year.
- **Mid Decade (2004 to 2006)** – This period coincided with the expansion period of the national housing bubble. The majority of projects built during this period were successfully absorbed and there was ample financing available to fund both construction and homebuyer mortgages. Oakland’s pro-housing policy (e.g. former mayor Jerry Brown’s 10K Initiative) encouraged developers and institutional investors to invest in Oakland, directing increased housing construction activity to the downtown and encouraging a ballooning pipeline of proposed new developments. During these years, permits were issued for 4,870 housing units (an average of 1,623 units per year), or almost half of all of the units permitted in the decade. Multifamily units represented 84% of the permits issued.
- **Late Decade (2007 to 2010)** – The housing market cooled significantly in early 2007 and collapsed in late summer 2007. Building permit activity dropped dramatically between 2007 and 2009. Only 1,987 residential permits were issued during this period, an average of 662 units per year, and likely represent projects that were initiated before the housing bubble burst. Multifamily units were 79% of the total permits. However in 2009, only 255 units were permitted (190 multifamily units and 65 single family units) as of October, demonstrating the rapid and protracted collapse of the housing market in Oakland.

## 2. Planning Area Trends

Building permit activity was not available from the City for the Planning Area. Instead we have relied on data on the age or date of construction of Planning Area housing units from the US Census based Claritas estimates<sup>5</sup>. According to available housing construction information from Claritas, the largest housing age category for the Planning Area was prior to WWII when almost

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<sup>5</sup> Census data on age of housing units is not fully reliable, since it is based on residents’ reports on the age of their units. We have noted that over time the number of units reported as built in a given period can vary because residents may not be sure just when their units were built. However, we have used this indicator, given the absence of City permit data.



a third of today's housing units in the Planning Area were constructed. This period was followed by the war years when there was a construction boom between 1940 and 1949. There was an identical housing construction boom between 1960 and 1969 (when 1,213 units were constructed). Housing construction declined drastically in the 1980's and remained fairly low until the 2000s. There has been little housing development in West Oakland during the last two decades of the twentieth century, except for the redevelopment of several public and affordable housing developments funded by the federal Hope IV project.

However, housing development increased since the last century's decade. Between 2000 and 2011 there was more housing unit construction in the Planning Area than any time prior to World War II. Claritas estimates that at least 1,505 units were constructed from 2000-2011 and permits were issued for an additional 1,662 units which have not been built. CCG notes that recent information comes primarily from the City's major projects list, which understates the number of housing units constructed in the Planning Area between 2000 and 2011 due to the exclusion of numerous smaller infill projects.

<b>TABLE 10: HISTORICAL CONSTRUCTION IN PLANNING AREA</b>		
<b>2011 Est. Housing Units by Year Structure Built</b>	<b>10,444</b>	<b>%</b>
Housing Unit Built 2000 or later	1,505	14.41
Housing Unit Built 1990 to 1999	583	5.58
Housing Unit Built 1980 to 1989	393	3.76
Housing Unit Built 1970 to 1979	1,160	11.11
Housing Unit Built 1960 to 1969	1,213	11.61
Housing Unit Built 1950 to 1959	1,009	9.66
Housing Unit Built 1940 to 1949	1,213	11.61
Housing Unit Built 1939 or Earlier	3,368	32.25
Source: Conley Consulting Group, Claritas, Inc., December 2011.		

### C. Foreclosures

As shown in the table below, the City of Oakland has been significantly impacted by the national foreclosure trend following the 2008 collapse of the housing market. Foreclosure sales have been a downward force on housing prices in Oakland as well as nationally. The foreclosure process usually begins with a notice of default (NOD), which is typically sent as a letter from the lender giving the homeowner three months to repay all outstanding payments. If the repayment is not made within three months a notice of trustee sale (NOT) is sent to notify the homeowner of the impending foreclosure and the auction date of the property. If the property cannot be sold at auction it becomes a Real Estate Owned or (REO) by the lender. Table 11 below shows the number of properties that are in the various stages of the foreclosure process.

**TABLE 11: OAKLAND FORECLOSURE STATISTICS**

	<u><b>2007</b></u>	<u><b>2008</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>
Notice of Default (NOD)	3,120	4,225	4,482	3,753
Notice of Trustee Sale (NOT)	1,332	1,563	2,833	2,262
Subtotal	4,452	5,788	7,315	6,015
% Growth	-----	30.0%	26.4%	-17.8%
Real Estate Owned (REO) <sup>1</sup>	1,611	3,075	1,840	-----
Total	6,063	8,863	9,155	-----
% Growth	-----	46.2%	3.3%	-----

<sup>1</sup> 2010 REO data was not available for the City of Oakland as a whole.

Source: Conley Consulting Group, City of Oakland, August 2011

As illustrated in Table 12 there was also an increase in foreclosure activity during the recent economic downturn in the Planning Area. There was a rapid increase in NOD, NOT and REO activity early on in the recession. In 2008 there was a 106.1% increase in foreclosure activity in the Planning Area compared to only a 46.2% increase citywide. However, the Planning Area had less foreclosure activity in 2009 with a 7.4% decrease in activity compared to a 3.3% increase in citywide foreclosure activity.

**TABLE 12: WEST OAKLAND FORECLOSURE STATISTICS**

	<u><b>2007</b></u>	<u><b>2008</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>
Notice of Default (NOD)	93	285	324	186
Notice of Trustee Sale (NOT)	109	254	238	249
Subtotal	202	539	562	435
% Growth	-----	166.8%	4.3%	-22.6%
Real Estate Owned (REO)	193	275	192	193
Total	395	814	754	628
% Growth	-----	106.1%	-7.4%	-16.7%

Source: Conley Consulting Group, City of Oakland, August 2011

## Mead Avenue

As described previously, the West Oakland housing market was hard hit by rise in foreclosures during the recent recession. As the housing market begins to recover several pockets in West Oakland have had emerged in a completely different state such as Mead Avenue. Mead Avenue is located in between San Pablo and Market Street near McClymonds High School. Unlike other regions of the City where foreclosed units have been purchased by investors and rented out with little to no improvements, Mead Avenue is an example of the combined impact of the recession, ownership turnover due to foreclosure and property upgrades combined with increased police enforcement in response to community requests.



Between 2007 and the summer of 2011, there were a total of 19 foreclosures on Mead Avenue, representing more than half of the residential buildings on that street. These 19 foreclosures include several owners who formerly owned multiple units on the Avenue. Home sales prices on Meade at the peak of the housing bubble ranged from \$400,000 to \$550,000. Most recent REO unit sales were priced at less than \$200,000 and some sold as low as \$90,000. While several long term residents remain in the area, new investors have made improvements to the units and are largely renting their units.

For years Mead Avenue had been a problem area and haven for narcotics and associated criminal activity. There was a murder on Mead Avenue in 2010, following other deadly shootings in previous years. Criminal activity was concentrated in several homes on the Avenue, occupied by long term neighborhood residents. Early in 2011, in response to citizen complaints, the officers of Beat 7X initiated a focused effort to reduce crime on Mead Avenue, which resulted the arrest of 11 individuals accused of drug related activities and weapons possession. Recent conversations with officers report a significant reduction in criminal activity on Mead Street over the past two years. In an interview with this consultant, the Oakland Police Department noted the positive impact of the removal of the residents of two “problem houses” formerly located on Mead Avenue.

Today Mead Avenue residents are more diverse and include a mix of long term residents and newer demand segments, including college students and younger artists/alternative types. Meade Street residents report that the majority of the new residents are male. However, reportedly the turnover rate for units rented to these new residents is much quicker.

## D. Recent Sales Prices and Rental Rates

### 1. Housing Prices

As noted below, the Planning Area has been significantly impacted by the nationwide housing bubble that burst in 2008. Table 13 shows median home sales prices in the Planning Area and the City of Oakland from 2008 to 2010. Home sales activity in the Planning Area peaked in 2009, but, in part due to foreclosure activity, in 2009 median sales prices declined 30% from the 2008 peak. However, unlike other areas of Oakland, the Planning Area housing submarket began to show signs of recovery in 2010, with a significant reduction in the number of home sales in 2009 and a 46% increase in the median sales price.

Median unit sales prices in the City of Oakland also declined significantly in 2009, and began to show signs of recovery in 2010. In Oakland, there was a similar pattern, with an increased number of unit sales and a 34% decline in median sales price, largely due to the foreclosure crisis that heavily impacted East Oakland. However, the recent signs of recovery are not as evident for the City as a whole compared to West Oakland. The citywide median sales price increased by 19% in 2010 to \$243,000, significantly less than the 46% increase in West Oakland. In fact, in contrast to long term trends, in 2010 median home sales prices were higher in West Oakland than for the City as a whole.

<b>TABLE 13: MEDIAN SALES PRICE TRENDS</b>								
	<b>2008 # Sold</b>	<b>2008</b>	<b>2009 # Sold</b>	<b>2009</b>	<b>08/09 % Change</b>	<b># Sold</b>	<b>2010</b>	<b>09/10 % Change</b>
Planning Area	140	\$225,000	222	\$157,000	-30%	156	\$228,500	46%
City of Oakland	3,376	\$310,000	4,740	\$205,000	-34%	2,950	\$243,000	19%
% Difference from City	--	-27.4%	--	-23.4%	--	--	-6.0%	--
Source: Conley Consulting Group, MDA DataQuick, 2011.								

### 2. Rental Rates

Table 14 below presents West Oakland and citywide rental trends. In Oakland, rental rates have steadily increased for studio units since 2008. Rents for one to three bedroom units have declined since 2008, which may reflect the recent economic downturn and the additional number of units made available to Oakland's rental market, included units built as condos but rented due to current ownership market conditions.

Based on recent rental reports and conversations with both developers and brokers, apartment rents nationally and in the Bay Area are expected to climb as rental units capture a greater share of new household demand, due to the long prolonged malaise in the ownership market and addition of younger households who are more typically renters.

In West Oakland, rental rates have fluctuated slightly since 2008 but have largely remained constant over the years. Rents for studio units increased slightly in 2009, but returned to 2008 levels in 2010. One bedroom unit rents decreased by 5% in 2009, but rents for these units have

increased, and returned to just under 2008 levels by 2010. Rents for two bedroom units have consistently declined since 2008. After a 9% increase in 2009, three bedroom unit rents have remained flat.

Unlike the rapid apartment rent increases projected for the City and the larger region, CCG projects that supportable rents in the Planning Area rents will likely remain relatively flat. West Oakland currently serves as a discounted price rental market for former San Franciscans looking for bargains or lower density housing. Although West Oakland has attracted some new market segments to the area (artists, entrepreneurs), these residents are price sensitive and would likely relocate to other lower cost areas rather than to remain in West Oakland if rents rise rapidly. The traditional West Oakland household is very low income, and although more committed to staying in the neighborhood than the new renters, would not be able to support rising rents.

<b>TABLE 14: MEDIAN RENTAL TRENDS</b>					
	<b>2008</b>	<b>2009</b>	<b>08/09 % Change</b>	<b>2010</b>	<b>09/10 % Change</b>
<b>West Oakland</b>					
Studios	\$725	\$743	2%	\$725	-2%
1 bedroom	\$965	\$917	-5%	\$950	4%
2 bedroom	\$1,300	\$1,275	-2%	\$1,200	-6%
3 bedroom	\$1,463	\$1,595	9%	\$1,600	0%
<b>City of Oakland</b>					
Studios	\$891	\$920	3%	\$941	2%
1 bedroom	\$1,397	\$1,372	-2%	\$1,333	-3%
2 bedroom	\$2,071	\$2,031	-2%	\$1,906	-6%
3 bedroom	\$3,075	\$2,979	-3%	\$2,780	-7%
Source: Conley Consulting Group, City of Oakland, Craigslist, Real Facts, 2011.					

A substantial increase in rental rates could not be supported by the existing renters in the area. Table 15 below presents the required income necessary to support various multifamily development scenarios. Based on current rent levels that are required to support development of low, mid and high-rise residential developments, CCG has assessed the income needed to support these rent levels. CCG has estimated that low rise developments will require an annual income of \$57,600 to support unit rents of \$2.50/SF. This annual income is significantly higher than the current median income of West Oakland residents, which is \$27,055.

The necessary income significantly increases for mid rise and high rise developments to \$72,000 and \$115,200, respectively. West Oakland will have to attract renters with significantly higher incomes than current residents to support higher rent levels required for new development. Similar income requirement trends apply to ownership units.

<b>TABLE 15: REQUIRED INCOME LEVELS FOR DEVELOPMENT</b>					
	<b>\$/SF</b>	<b>Avg Unit Size</b>	<b>Monthly Rent</b>	<b>Annual Rent</b>	<b>Required Annual Income</b>
High Rise	\$4.00	800	\$3,200	\$38,400	\$115,200
Mid Rise	\$2.50	800	\$2,000	\$24,000	\$72,000
Low Rise	\$2.00	800	\$1,600	\$19,200	\$57,600

Source: Conley Consulting Group, September, 2011.

#### **E. Recent Housing Development**

In the last decade, several large scale residential projects– both market rate and affordable-have been developed in the Planning Area. Central Station, a 27.5-acre master planned development, was entitled for 1,523 housing units between 10th Street, W Grand Avenue, Wood Street, and Frontage Road along Interstate 880. However, the three recent developments have been built at lower densities than was entitled. Central Station is now likely to be developed for roughly half as many units as was permitted. Recent developments include for-sale products such as the Pacific Cannery Lofts (163 units) and Zephyr Gate (130 units). The master plan also includes a 99 unit affordable housing development. The first units at these developments were released in 2007 just as the housing market began to slump. Due to the economic climate and the delay in development at the adjacent sites, it has taken a longer period of time to sell these units. The average absorption for both developments was only two units per month. As of the summer of 2011, both developments still had a significant number of available units on the market. Other developers at Central Station have put their approved projects on hold, including a proposed market rate apartment development on an adjacent parcel of land that remains vacant.

Several affordable housing developments have been recently developed in the Planning Area. As mentioned above, Ironhorse at Central Station, an affordable rental project by BRIDGE Housing, includes 99 affordable apartments. EBALDC has also developed a senior housing development called Jack London Gateway that provides 61 affordably priced units for seniors. Lastly, in 2005 a partnership between BRIDGE Housing and the Oakland Housing Authority (OHA) resulted in the Hope IV redevelopment of Westwood Gardens into what is now Mandela Gateway (168 units). Unlike some of the market rate for-sale products, the affordable rentals in the area have had a much more rapidly paced absorption. Nearly all of these units are completely occupied.

#### **F. Housing Development Pipeline**

Table 16 below indicates that there are planning approvals in place for an additional 1,343 market rate units in the Planning Area. In addition, there are 1,875 market rate units in the pre-approval planning stage. As mentioned above, CCG notes that there are likely other small infill developments in the pre-approval planning stage that are not mentioned in the major projects and will increase the number of market rate units likely to be developed in the Planning Area in the near term. Based on the number of units in the various planning stages and projected to

come online over the next decade or so, the proposed new development in the Planning Area will be the largest housing construction boom since the post war era. Or as more likely, many of the proposed units will not be built.

<b>TABLE 16: WEST OAKLAND RESIDENTIAL DEVELOPMENT PIPELINE</b>			
	PLANNING AREA		
	<u>Market Rate</u>	<u>Affordable</u>	<u>Total</u>
<u>Pipeline</u>			
Approved	1,343	219	1,562
In Planning	<u>1,875</u>	<u>137</u>	<u>2,012</u>
Total in Pipeline	3,218	356	3,574
Source: Conley Consulting Group, City of Oakland, The Mark Company; September 2011			

During the period 2000 and 2011 (which includes the housing boom), there was an average housing production rate of 136 per year in the Planning Area. CCG notes that since 2008 housing production slowed considerably in West Oakland given the constraints on the housing market. Housing production has fallen drastically since 2008. However, 136 units per year is higher than the housing production rate during the post war era (which has averaged 121 per year) and produced the largest number of units than any other decade's. Assuming the last decades housing production rate, it would take just under 10 years to develop the all of the approved market rate units in the Planning Area.

Since the national and local housing market meltdown, several projects that were approved for development have been cancelled. Many of the remaining approved developments have been stalled without a clear timeline for development. We note that is likely that unless market conditions continue to improve other investors and developers will abandon their plans for future development.

#### **G. Affordable and Public Housing**

Affordable housing is defined by the State of California as housing which is available for the longest feasible time at prices affordable to low and moderate income households (HH) based on the local Area Median Income (AMI). AMI's are defined by the U.S. Department of Housing and Urban Development (HUD). The affordability levels and income limits for the area which includes Oakland are described below:

<u>Affordability Level</u>	<u>AMI level</u>	<b>2011 HH</b> <u>Income limits</u> <sup>6</sup>
Moderate Income	Between 81% and 120% of AMI	\$ 99,700
Low income	Between 51% and 80% of AMI	\$ 58,500
Very Low Income	Up to 50% of AMI	\$ 41,550

In 2011, the HUD-defined median income for a three person HH in the area which includes Oakland and all of Alameda and Contra Costa Counties was \$83,050, well above the \$27,055

<sup>6</sup> AMI is determined annually by HUD by HH size and income limits are determined annually by the California Housing and Community Development (HCD). Limits are shown here for a three person household, which is consistent with the average household size in West Oakland of 2.90.

median HH income for the average 2.90 person West Oakland HH (See Figure 5). The median income household for Oakland residents is \$47,630 which falls within the State's definition of low income households. Only 204 of the 8,431 households in the Planning Area (14.5%) have incomes above the AMI. Thus, the vast majority (85% +) of current Planning Area residents meet the income requirements for affordable housing.

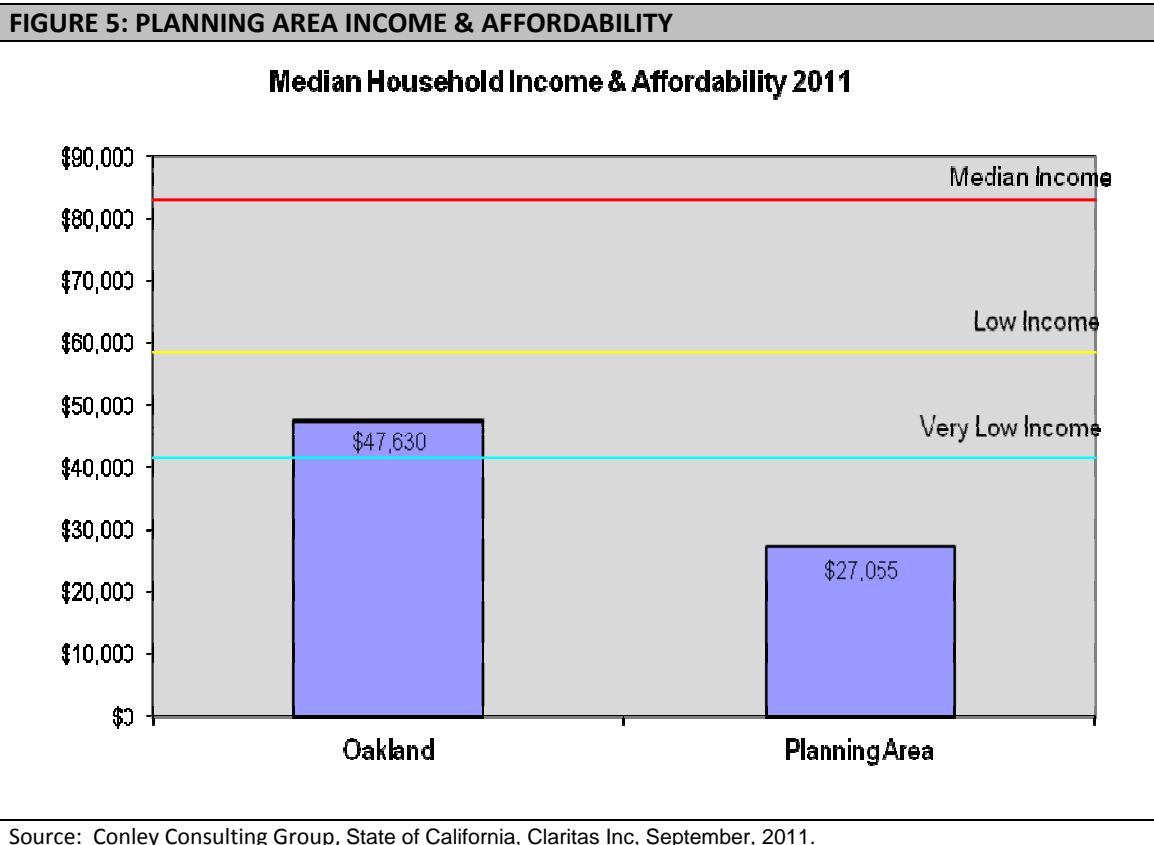


Table 17 below presents the number of affordable, public and Section 8 housing vouchers in the Planning Area and the Oakland. By the year 2000, there were approximately 1,515 affordable housing units in the Planning Area. Over the last decade, nearly 1,000 affordable units were added or rebuilt in the Planning Area. Notable additions included the redevelopment of the former public housing units at the Acorn units (293 units), Mandela Gateway Apartments (168 units) and the recent Ironhorse at Central Station Apartments (99 units). BRIDGE Housing, a major affordable housing developer responsible for Mandela Gateway and Central Station, has also been approved to develop 100 more affordably priced units with 2501 Chestnut and Linden Lofts.

The Planning Area has a significant portion of the City's public housing stock with 37% of Oakland's total public housing units. These units include the oldest public housing developments in Oakland such as Campbell Village (154 units) and Peralta Villa (390 units). Since 2000, the number of public housing units has declined by 19%, largely due to the replacement of public housing units at Westwood Gardens and Chestnut/Linden Court with non OHA owned affordably priced units.

As of August 2011, there were 1,189 Planning Area households that were receiving housing subsidies in the form of Section 8 vouchers. This represents 10% of the Section 8 vouchers in



the City, similar to the Planning Areas share of City households. In 2003 there were 1,254 Planning Area Section 8 vouchers, thus vouchers declined 5%. Given that Section 8 vouchers can be used throughout the City, the slight decrease in the number of vouchers in the Planning Area is likely the result of families finding other locations that would accept Section 8 vouchers in the down economy.

<b>TABLE 17: PLANNING AREA &amp; PUBLIC &amp; AFFORDABLE HOUSING COMPARED TO CITY</b>					
	<b>2000</b>	<b>2003</b>	<b>2011</b>	<b>Δ 2000-2011</b>	<b>Δ 2003-2011</b>
<b>Affordable Housing</b>					
Planning Area	1,515		2,500	65%	
Citywide	----		8,829		
% of Citywide			28%		
<b>Section 8 Housing Vouchers</b>					
Planning Area <sup>1</sup>		1,254	1,189		-5%
Citywide		----	12,103		
% of Citywide			10%		
<b>Public Housing<sup>2</sup></b>					
Planning Area <sup>3</sup>	673		544	-19%	
Citywide	----		1,465		
% of Citywide			37%		
<sup>1</sup> Per Oakland CEDA, June 2003 <sup>2</sup> Does not include 64 units for which OHA is currently in the disposition process. <sup>3</sup> Includes public housing units prior to Hope IV funded redevelopment of Westwood Gardens (46 units), Chestnut/Linden Court (83 units). Source: Conley Consulting Group, City of Oakland, Oakland Housing Authority, September, 2011.					

As stated above , new market rate development will require incomes higher than typical current Planning Area households to support either rental and ownership costs. Developing affordable housing is key to insure that existing residents or residents similar to existing residents are able to access future housing in the Planning Area.

## **H. Potential Future Demand**

### **1. Current Demand Constraints**

Currently demand for market rate housing in the Planning Area is constrained by a variety of neighborhood factors. Based on conversations with brokers, residents, city staff and police officers the following housing demand constraints have been identified:

- **Crime** – As described at greater detail in Section VII, the Planning Area has historically had high crime rates –both violent crimes against persons and property crimes. Crime serves as an ongoing limitation to the quality of life for current residents. Fear of crime

discourages some potential new demand segments from considering Planning Area residential offerings. Over the past five years, the increased police presence at the request of new area residents has helped reduce crime in certain pockets of the Planning Area, however crime remains both a perceptual and actual problem for current and prospective Area residents.

- Schools – School enrollment in Planning Area schools have dwindled in the last several decades. The Oakland Unified School District has well known financial problems which are in part related to decreased per capita state funding due to poor attendance. Planning Area schools include some of the poorest performing schools in the City. Poor schools are a deterrent to potential Planning Area residents with children and a significant problem for existing families. OUSD announced this year that it plans to close underutilized school sites based on factors including performance and enrollment trends. Given the current fiscal dilemma of the OUSD, low enrollment and past performance of the Planning Area schools, there is a potential that one or more of the schools in West Oakland could be closed in the near future. While Planning Area residents are working to improve area schools, prospective families with children will not view local schools as a motivation to move to the Planning Area
- Lack of amenities – The Planning Area has a lack of neighborhood amenities, such as grocery stores, drug stores/pharmacies, small scale retail and restaurants, safe parks and a pedestrian friendly environment. The lack of amenities in the area caused residents to travel, often to Emeryville and other parts of the City to purchase retail goods including groceries. The need for residents to travel to meet their basic retail needs is a major deterrent to attracting residents to the area.
- The area has a limited number local amenities that create an attractive environment, with the exception of the Mandela Parkway, the recent BART station Area improvements, DeFremery and Raimondi Park.
- Inconsistent urban fabric – The Planning Area has large swaths of vacant properties, most formerly developed for industrial uses, which divide the area into a series of relatively isolated enclaves. Local police report that the irregular street pattern further isolates residential areas and presents an opportunity for suspects to evade supervision and apprehension. Prospective residents interviewed for this study reported that the neighborhood doesn't seem welcoming or safe, due to these issues.

## **2. Household Growth Projections**

In *Projections 2009* the Association of Bay Area Governments (ABAG) projects significant household growth for the Planning Area, with a total of 7,312 new households to be added between 2005 and 2035. This represents an average growth rate of 236 new households a year. This would result in a projected total of approximately 14,095 households by 2035, almost double the number of current households. At current Oakland average household sizes this projection would represent a total of 37,493 new Planning Area residents.

ABAG's projected rate of new household growth is considerably greater than the annual rate at which new housing units added were during the recent housing boom (2000-2008). Household growth projections can be translated into an associated housing unit growth rate by adding a

vacancy factor. ABAG's household growth projection would require construction of roughly 241 units per year. This would require housing development at double the rate in the early 21<sup>st</sup> Century housing boom.

According to the US Census, only 713 or 71 units per year were added to the West Oakland housing stock between 1990 and 1999, while 1,200 or 120 per year were added between 2000 and 2009. It is important to note that between 2000 and 2011 only an estimated 520 market rate units were built in West Oakland, roughly on 43% of the total number of units built since 2000.

TABLE 18: PROJECTED PLANNING AREA HOUSEHOLD GROWTH			
Historical Housing Development (DU)	1990-1999	583	58/year
	2000-2009	1,200	120/year
ABAG Projections (HH)	2005-2035	7,312	236/year
Source: Claritas and ABAG. *Based on 11 years, although partial 2011 data is included. Historical development is dwelling units, projected growth is households.			

Between 2000 and 2005, West Oakland captured a 15.9% share of Oakland's citywide household growth, a rate far greater than its 6% of the City's 2011 population. ABAG projects that between 2005 and 2035 the Planning Area will capture 14% of Oakland's household growth. CCG notes that these projections were completed prior to the 2008 economic downturn, before the severity of the housing crisis was well understood. The ABAG projections have to be viewed as reflecting a policy decision to direct regional growth to developed areas versus suburban sprawl, and must be viewed as aspirational. As shown in Table 19 below the projected household growth rate implies far more intense development than has ever occurred in the Planning Area.

TABLE 19 WEST OAKLAND HOUSING PROJECTIONS		
	2005-2020	2020-2035
Projected HH Growth	3,693	4,289
Recently Developed Housing Units <sup>1</sup>	670	----
Units Developed/Year	112	
Future Projected Development	3,023	4,289
Housing Units per Year <sup>2</sup>	378	286
<sup>1</sup> Includes major market rate projects developed since 2007 and affordable housing projects since 2005. No information was available from City about smaller recently completed developments <sup>2</sup> For the period of 2005-2020, CCG assumes remaining eight years of housing production between 2012-2020. Source: Conley Consulting Group, Hausrath Economics Group, <i>ABAG Projections</i> 2009, September 2011.		

- The Next Decade (2010 to 2020) – During this period it is likely that the Planning Area will still be impacted by the factors that currently restrain potential demand to few of the available market segments. In particular we conclude that in the short term it will be difficult to attract higher income households that can afford higher density, higher cost housing product types in other locations throughout the region. Given that recovery from the current adverse housing market conditions will require an extended period, we estimate that housing absorption will be limited to 100 market units per year. Supportable densities are not much higher than the current 20-50 unit per acre density typical of for Planning Area development.
- One possible exception is potential TOD development at the West Oakland BART station. A TOD project with appropriate area amenities and a critical mass of at least 300 units could achieve absorption of up to 5 units a month, and thus raise Planning Area annual unit absorption up to a maximum of 150 unit per year. TOD development in the first decade will likely be would frame (Type V) of up to 80 units per acre. Large scale developments that cannot be easily developed in phases, or densities above wood frame are not recommended.
- The Remaining Projection Period (2020 to 2035) – If significant improvements to the Planning Area are made as a result of the Specific Plan, we project that market rate absorption could reach an average of 150 - 200 units per year, far lower than projected by ABAG. Over time, with significant area improvements, supportable housing values will rise enough to permit increased housing densities. Mere access or transit improvements will not be enough to transform the housing market dynamics of the Planning Area.

## **I. Planning Area Market Rate Housing Opportunities**

### **1. Product Types**

- Transit Oriented Development (TOD) - The Planning Area's proximity to San Francisco is a major asset for households seeking an easy commute to San Francisco and other regional workplaces. This residential opportunity is confined to the area near the West Oakland BART station, which provides a rapid commute into San Francisco.
- Wood Street – This development was projected to bring 1,500 units to West Oakland as well as ancillary retail, services and public space. While a portion of the larger development has been completed and units have been released for sale/rent, once the housing market recovers completion of this project could serve as a major residential and community attraction to the Planning Area and encourage additional redevelopment of adjacent areas.
- Small infill projects – Smaller infill projects will be readily absorbed especially in districts like the Dogtown area and other neighborhoods on the edges of the Planning Area.

- Medium Density – TOD at the BART station will be the first feasible medium density residential development opportunity, provided that significant neighborhood improvements and amenities are part of that development program.

## **2. Market Segments**

- Artists – Artists and other alternative households are currently attracted to the Planning Area to take advantage of low housing prices compared to other regional options. These households sometimes include multiple adults who together can afford higher rents than typical area families. These households may feel less vulnerable to crime (and are predominately male), and are tolerant of neighborhoods with low amenities. Low cost, flexible space with high ceilings and open layouts are important requirements to serve this market.
- Relocating San Franciscans – Similar to artists, former San Francisco renters may choose to relocate to the Planning Area for more affordably priced units. Renters in the recent Dogtown Developments have typically included renters from San Francisco's Mission District looking for low density for-sale products at a significant discount to San Francisco housing costs.

## **V. RETAIL**

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### **A. Current Retail Sector Character and Performance**

An analysis of the Planning Area's retail performance was performed to determine the composition of the existing retail sector and the potential for future expansion. Analysis of a California community's retail performance is usually based on reports of taxable sales provided by the State Board of Equalization. For the Planning Area, the traditional analysis methodology had to be significantly modified, as described below.

#### **1. Sales Tax Generators**

Sales tax collection data for the West Oakland Specific Plan area for the years 2007 through 2010 was obtained from the City. The initial review of that data indicated a need for manual data reorganization since many of the businesses were inappropriately categorized. For instance, the data showed high specialty retail and grocery store sales in the Planning Area, which is inconsistent with the observable lack of these retail stores in the area.

Upon closer review, we noted that the specialty retail category erroneously included a number of industrial businesses and other nonretail uses. Similarly, while at first glance taxable sales at grocery stores seemed to be quite high for the district, we noted that those sales primarily came from businesses more appropriately categorized as primarily liquor rather than as grocery stores. CCG performed a spot check on each grocery store using Google maps to determine whether they were primarily grocery or corner stores with incidental grocery item sales.

From this spot check we also determined that many of the sales tax generators in West Oakland are located in residential and industrial buildings rather than in retail establishments. Taxable sales have been reported at the following non retail locations:

- Live/work units at the West Clawson Lofts,
- Condos at 3240 Peralta Street,
- The Peralta Studios at 2121 Peralta Street, and
- The West End Commons condos on Mandela Parkway.

Further research indicated that businesses operating out of residential addresses include online merchants, craftsmen, artists, consultants and other providers of businesses services. While these businesses may produce items typically sold in retail shops (such as jewelry), they do not primarily sell to Planning Area residents, and are thus not directly competitive to potential retail stores that might locate in the Planning Area. Further, a quick comparison of these businesses with the City of Oakland's West Oakland Business Directory suggests that some of these businesses may be operating without a business license.

In addition, we determined that some sales tax generators previously classified as specialty retail outlets should be more accurately classified in a new art/creative category. In West Oakland there is a significant presence of these uses.

Lastly, since the objective was to measure the balance between retail supply and demand serving Planning Area residents, we excluded out retailers who primarily serve the larger region. These primarily include retail stores located in nearby Emeryville in the East Baybridge Shopping

Center and other adjacent retail locations. Reported sales tax from on line merchants was also moved into a separate category because these sellers do not primarily sell goods to Planning Area residents.

Table 20, which compares the original and the revised retail sales data, indicates that sales tax collections from retail uses serving Planning Area residents was actually 43% lower than the originally reported. The data shows that many local food sales occur in liquor stores and corner stores (discussed further below). In addition, there were major adjustments to the specialty retail and the non-store retail categories.

<b>TABLE 20: 2010 PLANNING AREA SALES TAX COLLECTIONS, ORIGINAL AND ADJUSTED</b>			
	Original	Adjusted	% Difference
<b>Retail</b>			
<b>Convenience Goods</b>			
Supermarkets and Other Grocery Stores	\$ 67,604	\$ 42,108	-37.7%
Convenience Stores	4	0	-100.0%
Specialty Food Stores	423	423	0.0%
Beer, Wine, and Liquor Stores	36,363	61,859	70.1%
Pharmacies, Health and Drug Stores	0	0	0.0%
<b>Convenience Goods Subtotal</b>	<b>\$ 104,393</b>	<b>\$ 104,390</b>	<b>0.0%</b>
<b>Comparison Goods</b>			
Apparel	\$ 32,988	\$ 30,805	-6.6%
General Merchandise (not incl. drug)	14,757	15,587	5.6%
Specialty	513,912	53,740	-89.5%
<b>Comparison Goods Subtotal</b>	<b>\$ 561,657</b>	<b>\$ 100,131</b>	<b>-82.2%</b>
<b>Eating and Drinking</b>	<b>\$ 95,637</b>	<b>\$ 101,000</b>	<b>5.6%</b>
<b>Home Improvement</b>	<b>38,867</b>	<b>38,445</b>	<b>-1.1%</b>
<b>Nonstore Retailers</b>	<b>17,124</b>	<b>1,142</b>	<b>-93.3%</b>
<b>Gasoline Stations</b>	<b>271,785</b>	<b>271,785</b>	<b>0.0%</b>
<b>Retail Subtotal</b>	<b>\$ 1,089,463</b>	<b>\$ 616,892</b>	<b>-43.4%</b>
<b>Regional and Online Merchants</b>	<b>N/A</b>	<b>\$ 419,712</b>	<b>100.0%</b>
<b>Non Retail</b>			
Other Business	22,402	20,234	-9.7%
Services	104,808	118,902	13.4%
Food Manufacturing	1,365	1,365	0.0%
Art/Creative	N/A	21,008	100.0%
Construction-Related	530,928	530,928	0.0%
Industrial	518,786	557,015	7.4%
Auto-Related	273,212	254,908	-6.7%
<b>Non Retail Subtotal</b>	<b>\$ 1,451,501</b>	<b>\$ 1,504,360</b>	<b>3.6%</b>
<b>Total Sales Tax</b>	<b>\$ 2,540,964</b>	<b>\$ 2,540,964</b>	<b>0.0%</b>
Source: Conley Consulting Group, City of Oakland, Community and Economic Development Agency, October 2011			

The adjusted sales tax collection data presents a different picture of West Oakland's existing retail sector performance. Although there is considerable sales tax being generated in the area, much of these sales come from non-retail businesses, including industrial (21.9%) and construction-related (20.9%) activities, online and regional-serving merchants (16.5%), gasoline stations (10.7%), and auto-related businesses (10%) (See Table 20). Many of the industrial activities generating sales tax also appear to be arts-related, including printing, embroidery and fabrication.

Since 2007 there has been a 24.4% overall decrease in sales tax collections in the Planning Area. This includes a 21.9% increase in retail sales tax collections, a 36.8% decrease in nonretail sales tax and an 11.5% decrease in sales taxes from regional and online merchants. However, there was a 253.3% increase in sales in the nonretail food manufacturing category which includes businesses like Svenhards Swedish Bakery, the Linden Street Brewery and Bertha's Pupuseria.

There are very few actual retail establishments serving the West Oakland community. The few specialty retailers that do exist include a bait store, two bike shops, a beauty supply store, a home furnishings store and a cell phone store. In addition to these, the only other major retail establishments include a hardware store, a 99 cent store, two apparel retailers, two fast food chains ( McDonalds and KFC), and two independently owned restaurants, Brown Sugar Kitchen and Nellie's Soulfood.

## **B. Planning Area Retail Supply and Demand Conditions**

As will be described further below, West Oakland is severely underserved by retail that supplies the basic consumption needs of its residents. The degree to which retail needs are left unmet by local shops is even greater than for the City as a whole.

### **1. Retail Demand**

Retail demand is a complex phenomenon, which is a function of a trade area's size and income, tastes, and preferences as well as the availability of a suitable supply of retail choices to serve that demand. The estimated expenditure potential of the Planning Area population is used here as a proxy for demand. As shown in Table 20, in 2010 the 25,000 Planning Area residents had a combined expenditure potential of nearly \$167 M for retail stores providing convenience and comparison goods as well as restaurants and drinking places.

It must be recognized that the Planning Area includes a number of households, estimated at as much as up to 20% of the total, with intentionally alternative consumption patterns. These households may prefer different types of foods than consumed in the average California household, and includes a segment that is particularly concerned with consuming healthier and higher quality foods. Some of these households may also prefer to spend more of their income on desired foods than is typical for California households with similar incomes. For those households we expect the extra income dedicated to food would be offset by lower consumption of comparison goods such as clothing and household items. There is some evidence that these alternative households minimize their housing costs as well.

These alternative households' consumption patterns may be offset by lower income, larger households who have little choice but to acquire clothing for growing children. These



households comprise the majority of Planning Area households. In view of these opposing retail expenditure patterns, we have made no extraordinary adjustments to the expenditure potential methodology to reflect the varying lifestyles of Planning Area residents.

## **C. Planning Area Retail Supply Demand Balance and Leakage**

### **1. Current Residents**

As described above adjusted retail sales for 2010 total about \$45 million, which represents less than 25% of the estimated expenditure potential from Planning Area residents alone. The expenditure potential or retail sales not captured in the Planning Area is described as leakage. Table 21 shows the current retail sales leakage for the Planning Area from residents' expenditure potential.

The Planning Area leakage for convenience goods represents nearly \$19 million annually. Supermarket and food stores sales are \$23 million less than the estimated expenditure potential<sup>7</sup>. In contrast, liquor store sales are actually \$7.5 million **more** than the projected demand for liquor stores. In most situations one would assume that the reported sales in excess of projected market area demand were captured from other market areas. However, in this case, we believe that the surplus liquor store sales reflect that most food sales in the Planning Area occur in liquor and corner stores. Lastly, we note that the absence of drug stores in the Planning Area results in a 100% leakage of the sales potential in that category and represents a hardship to area residents.

For comparison goods, 2010 retail sales represent less than 17% of the estimated market potential. The leakage is \$70 million, for a 83% leakage rate, higher than the 66% leakage rate for comparison goods stores in Oakland.<sup>8</sup>

Sales in eating and drinking outlets are \$10 million less than the estimated expenditure potential, for a 50% leakage rate.

### **2. Current Employees**

In addition to Planning Area residents, there are over 10,500 employees who are potential sources of retail spending in the Planning Area. Employee expending in the Planning Area is impacted by both the dearth of retail supply catering to those consumers, and the nature of current area jobs. Regardless of their incomes, most Planning Area workers are employed in industrial, retail and wholesale sector jobs, which do not typically have long lunch hours that permit shopping trips and leisurely workday dining. Thus we have adjusted Planning Area employee expenditure potential for convenience and comparison goods to 10% of the level expected from office workers, and reduce the projected eating and drinking potential by half. We estimate that each Planning Area employee has a current expenditure potential of \$1,125 per year, for a total potential to support \$11.8 million in Planning Area retail sales.

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<sup>7</sup> Defined in Table 21

<sup>8</sup> Source: Oakland Retail Enhancement Strategy, Fall, 2008.

**TABLE 21: 2010 RESIDENTIAL RETAIL EXPENDITURE POTENTIAL**

	2010 Residents		2010 Sales	Leakage/ (Import)	Theoretical Retail SF Supportable	
<b>2010 Planning Area Population</b>	25,246					
	Per Capita Expenditure Potential	Total 2010 Expenditure Potential				
<b>Convenience Goods</b>						
Supermarket, Grocery & Other Food Stores	1,288	32,519,849	9,399,512	23,120,337	450	51,379
Beer, Wine, and Liquor Stores	6	156,161	7,732,411	(7,576,250)	450	(16,836)
Pharmacies, Health and Drug Stores	147	3,716,084		3,716,084	450	8,258
<b>Convenience Goods Subtotal</b>	<b>\$1,442</b>	<b>\$36,392,095</b>	<b>\$17,131,924</b>	<b>\$19,260,171</b>		<b>42,800</b>
<b>Comparison Goods</b>						
Apparel	341	8,602,748	3,080,493	5,522,255	300	18,408
General Merchandise (not incl. drug)	1,410	35,571,808	1,558,657	34,013,151	350	97,180
Specialty	933	23,531,165	5,373,995	18,157,170	300	60,524
Home Improvement	643	16,221,907	3,844,459	12,377,448	300	41,258
<b>Comparison Goods Subtotal</b>	<b>\$3,327</b>	<b>\$83,927,627</b>	<b>\$13,857,604</b>	<b>\$70,070,023</b>		<b>217,370</b>
Eating & Drinking	817	20,613,294	10,099,992	10,513,302	350	<b>30,038</b>
All Other Retail Stores	423	10,671,444	114,190	10,557,254	300	<b>35,191</b>
<b>Total</b>	<b>\$6,651</b>	<b>\$167,826,367</b>	<b>\$45,048,169</b>	<b>\$122,778,199</b>		<b>325,399</b>

Source: Conley Consulting Group, SBOE, December 2011

**TABLE 22: 2010 EMPLOYEE EXPENDITURE POTENTIAL**

	Potential Annual Sales <sup>1</sup>		Planning Area Potential	Supportable Space (SF)
Number of 2010 Employees	<b>10,530</b>			
Convenience Goods	600	150	1,579,500	3,510
Comparison Goods	900	225	2,369,250	7,898
Eating and Drinking	<u>1,500</u>	750	<u>7,897,500</u>	<u>22,564</u>
	<b>\$3,000</b>		<b>\$11,846,250</b>	<b>33,972</b>

<sup>1</sup>Sales potential based on surveys of office worker spending near place of business. Planning Area potential adjusted to reflect prevalence of industrial jobs, and lack suitable retail.

Source: Conley Consulting Group, December 2011

### **3. Current Retail Opportunities**

The current retail leakage would support an additional 325,000 SF of retail in the Planning Area. As described below, given current conditions it is unlikely that this potential can be captured in the near term.

#### **a. Grocery Stores and Convenience Retail**

The majority of food markets currently in West Oakland are actually corner grocery stores for which liquor represents a large portion of their total sales. Informed sources have classified West Oakland as a 'food desert,' an area with limited access to healthful, affordable food. Many local residents travel out of the Planning Area to buy food, which is a further burden on Planning Area households. Almost 36% of households in the planning area do not have access to a car.

West Oakland currently does not have a full sized grocery store: the last full size grocery store in the Planning Area closed in 2007. Prior to that, the number of grocery stores steadily declined between 1940 and 2000.<sup>9</sup> The community was once served by several small independent grocers, but over the years regional serving transportation projects, including the Cypress Freeway and BART in the 1950s and 1960s, displaced both retailers and a portion of their former population support base. According to the Oakland Food Policy Council's there were almost 140 stores, or 2.0 per 1,000 residents, in 1950, but only 23 food stores, or 0.9 per 1,000 residents, in 2000. This simple index of grocery store supply does not distinguish between the store sizes, or indicate how many of the food stores were corner groceries or liquor stores.

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<sup>9</sup> Transforming the Oakland Food System: A plan for Action, Oakland Food Policy Council, November 2010

**FIGURE 6: NUMBER OF FOOD STORES IN WEST OAKLAND**



According to the Oakland Food Policy Council, while today there is 1 grocery store for every 8,175 people in the affluent Oakland hills, there is only 1 for every 42,350 people in the poorer Oakland flatlands. That report states that while households in Oakland's food deserts spend an estimated over half a billion a year on fresh food, most of this is spent outside their neighborhoods.

Source: *Transforming the Oakland Food System: A Plan for Action*, Oakland Food Policy Council, November 2010.

Convenience stores typically carry mostly canned, processed, and poor quality foodstuffs and promote the consumption of 'junk food' (e. g. candy, chips) as well as high profit liquor and cigarettes. A 1998 community food assessment of West Oakland showed that only three of the convenience stores offered a selection of fresh fruits and vegetables (Farfarn-Ramirez, 1998). Prices at convenience stores were found to range between 30%-100% higher than prices in supermarkets.

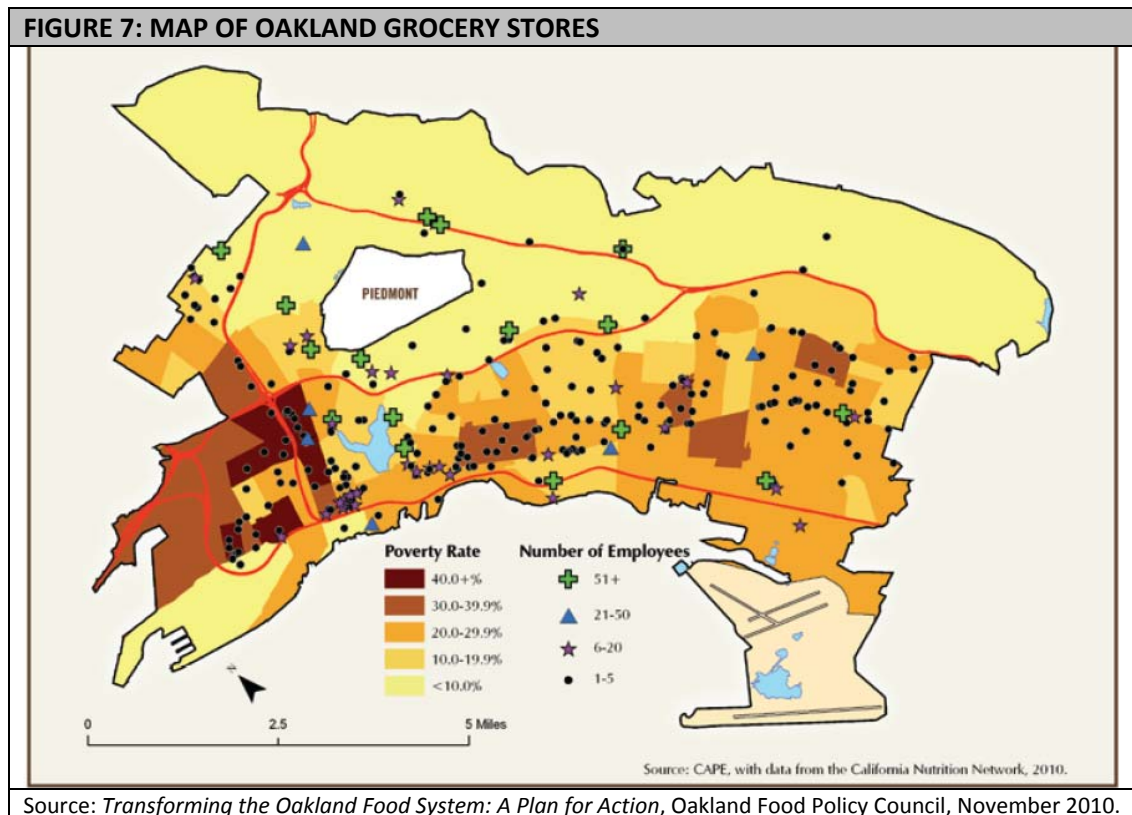
#### **b. Foods Co.**

Planning Area residents now patronize local convenience stores as well as food stores in Emeryville (Pak'n Save, and Target), and other areas of Oakland. There a proposed new Foods Co store at West Grand Avenue and Myrtle Street, in the north central portion of the Planning Area. The proposed 72,000 SF value oriented store will include a drug store and associated convenience goods in addition to grocery items. We understand that there are still some site assembly issues to be resolved before development of that store can proceed.

Since that proposed store is larger than the 50,000 SF of new grocery store space supportable by Planning Area Residents, it is likely that the store intends to capture sales away from current existing corner and liquor stores as well as to recapture potential sales now lost as leakage to retail districts outside of West Oakland.

Another expanding chain with smaller grocery stores was reportedly considering locating in the vacant grocery store site at Jack London Gateway, at the south western end of the Planning Area. When the proposed location reached the last stage of the chain's internal approvals process it was denied because the company learned that the delayed Foods Co was now scheduled to move forward. For competitive reasons the chain decided to turn down the Gateway site, because Foods Co would offer consumers superior selection and competitive pricing at a store located at the center of the trade area.

Thus, if built the proposed Foods Co will capture a significant portion of the Planning Area's unmet food store potential and offer are residents value pricing. Some residents and food supply advocates have criticized the Foods Co, for a variety of reasons including emphasis on non local food production. However, the vast majority of low income Planning Area households would benefit from the store's broad selection of value-priced food and personal healthcare items. While that proposal remains active, even if it is never built, it may continue serve as a deal killer by discouraging development of smaller stores in the market area.



## 2. Newer Grocery Store Models

In addition to traditional grocery stores, new store models designed to supply healthful grocery staples in “food deserts” have been proposed. In Seattle, Washington StockBox emerged as an innovative prototype of a mini grocery store. The first StockBox is scheduled to open in Spring 2012, as a mini-grocery store made out of a reclaimed shipping container to be located in a parking lot of an existing business. The 20 foot-long prototype is to be stocked with 300 different products, of which 10% will be fresh produce. The store model is easily scalable and designed for easy relocation via crane and flatbed truck, so StockBox can operate as a “pop up”

store. This innovative concept applied innovative funding sources, including \$20,000 from Kickstarter (an on line funding resource for creative endeavors), a \$20,000 grant from a Washington state program promoting healthy food, and \$12,500 from winning a business case competition. Development costs for the Stock Box concept are estimated to total a modest \$30,000 to \$50,000.



In addition, there are some national initiatives<sup>10</sup> to introduce more fresh and healthy foods to corner grocery stores to improve the food supply available to residents of neighborhoods like the Planning Area that are underserved by retail.

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<sup>10</sup> Including the Healthy Corner Stores network, DC Hunger, Livewell Denver, & the FoodTrust Healthy Corner Store campaign.

## **Jack London Gateway**

The Jack London Gateway is a cautionary example of the difficulties in creating viable retail in a vastly underserved district such as the Planning Area. The former Acorn Shopping Center, now known as Jack London Gateway, is the only modern shopping centers in the Planning area. The Gateway shopping Center is located at Market and 7<sup>th</sup> Streets in the Southwestern corner of the Planning Area, the “far edge” of the trade area. Despite major development assistance with site acquisition and financial support for the initial construction of the 25,000 anchor grocery store, there has been repeated turnover of the grocery store site. Ten years ago the center was a thriving retail center that included a grocery store anchor. However, the grocery store, which later became a Korean market, closed under complicated circumstances and poor business management. The shopping center was left without a major retail anchor and performance has suffered since.

The available anchor tenant space, which under the land disposition and development agreement (DDA) is governed by a requirement that is attached to the land, must be a grocery store. However, the site is too small for many regional or national tenants and too big for mom and pop stores or less established retailers. National stores have expressed reservations about the location due negative perceptions of the area and challenging demographics. Similar concerns have been expressed by other retail tenants about the Planning Area in general, although brokers interviewed for this effort argue that the perception is based more on myth than reality and that the area’s demographics would support much more retail.

Despite vacancies, the Jack London Gateway Shopping Center is well maintained and existing tenants, such as McDonalds, KFC and two popularly priced apparel retailers, are thriving. However, it is difficult to attract more businesses to the center, and for the existing ones to maintain themselves, without a destination, anchor tenant.

A new grocery store in the Planning Area will act as a much needed anchor tenant for convenience retail. The grocery anchor creates a customer flow that can be leveraged to successfully attract other retail shops that can then draw patrons from the anchor tenant’s shoppers. In addition to area residents a full size grocery store can capture sales from nearby employees, especially if prepared foods to go are offered for quick lunch service. Ideally other convenience stores, service shops, and restaurants can be co-located with the new grocery store, and a fully functioning town center for the Planning Area can be created.

### **b. Comparison Goods Retail Potential**

Although existing apparel shops in the Gateway Center capture adequate shopper support, the current lack of a shopping district with retail identity and a functioning shopper draw is a strong impediment to capturing comparison goods retail in the Planning area. Without a viable supply of comparison goods stores in the Planning Area, residents have established patterns of traveling outside of their neighborhoods for general merchandise (Target in Emeryville or Wal Mart in East Oakland), clothing, and home goods. The other challenge to retaining comparison goods sales potential in the Planning Area is the area’s small population base. Many comparison goods anchor tenants require a population base of 100,000-200,000 people, much larger than the Planning Area. Unanchored comparison goods retail may succeed as part of a retail center



or district that is primarily anchored by a supermarket, but is unlikely to be successful in a freestanding location elsewhere in the district<sup>11</sup>.

Large format stores with either an independent customer draw or located to serve as an extension of the successful retail developments on the Oakland Emeryville border can succeed in the Planning Area, but require a site with good regional access near the freeway or on major Emeryville adjacent arterials. Like the stores on the Oakland side of the East Baybridge, they will not be limited to support from the Planning Area's small population base. Some knowledgeable sources consulted for this effort stated that a freeway site near the Bay Bridge entrance would provide some big box stores with the potential to serve the San Francisco market. San Francisco restricts development of formula retail stores, thus enhancing the opportunity to serve that market from a Planning Area location.

#### **c. Employee Serving Retail**

Because of the diffuse distribution of current employment in the Planning Area, and the work related spending patterns of current employees, development of retail dependent on employee support is not recommended at this time. The best opportunity is for smaller restaurants located near employment centers such as on 7<sup>th</sup> Street near the Post Office and near the Port (similar to Nellies Soul Food). We understand that the popular Brown Sugar Kitchen attracts lunchtime support from employees from Emeryville workplaces and draws patrons from outside of the Planning Area for breakfast and lunch, showing that a good restaurant concept can capture expenditure potential from beyond the Planning Area.

#### **4. Future Retail Supportable**

Future population and employment growth will support additional retail in the Planning Area. The future retail growth will largely be a function of the new housing and employment created in the Planning Area. Table 23, below, represents a conceptual approach to thinking about new retail growth, and should be revised based on the preferred plan or alternatives.

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<sup>11</sup> In districts that can capture support from a larger trade area, unanchored comparison goods retail can thrive. Examples include Oakland's Piedmont, Lakeshore and Rockridge districts (each of which have higher trade area incomes and were initially anchored by grocery stores and specialty foods), or Emeryville's Bay Street Mall, and Berkeley's Fourth Street district. Each of these areas have characteristics that are key to its success that cannot be readily duplicated in the Planning Area in the near term.

**TABLE 23: PLANNING AREA COMBINED FUTURE RESIDENT & EMPLOYEE RETAIL SUPPORTABLE**

	Residents	Workers			Supportable Future Retail	
	Future Expenditure Potential	Future Employee Expend. Potential	OARB (At Build-out) Expend. Potential	Combined Expend. Potential	Target Sales Performance per SF <sup>1</sup>	Theoretical New SF Supportable
Number of new consumers	<b>14,000</b>	<b>5000</b>	<b>3370</b>			
Convenience Goods Subtotal	25,396,000	3,159,000	750,000	<b>29,305,000</b>	<b>450</b>	<b>65,122</b>
Comparison Goods Subtotal	43,092,000	1,579,500	1,125,000	<b>45,796,500</b>	<b>300</b>	<b>152,655</b>
Eating & Drinking	<u>18,158,000</u>	<u>9,477,000</u>	<u>1,875,000</u>	<b>29,510,000</b>	350	<u><b>84,314</b></u>
<b>TOTAL</b>	<b>\$86,646,000</b>	<b>\$14,215,500</b>	<b>\$3,750,000</b>	<b>\$104,611,500</b>		<b>302,092</b>

<sup>1</sup> Total sales, including taxable and non taxable sales.  
Source: Conley Consulting Group, SBOE, December 2011

## **VI. ARTS**

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### **A. Introduction**

Conley Consulting Group conducted research on the arts community in West Oakland to determine the number of local artists, their origin, city of residence, demographics and the types of arts activities and arts-related organizations present in West Oakland. Twenty-five artists, arts organizations or individuals knowledgeable or associated with the arts community in West Oakland were contacted, resulting in 12 interviews.

### **B. Oakland Artists**

Professor Richard Florida of George Mason University ranked the San Francisco Bay Area as number one in the country for the presence of a “creative class,” workers who are employed to create meaningful new forms. Oakland and the surrounding region are home to hundreds of artists, arts- and culture-related community-based organizations, as well as educational institutions that support the arts. These include the California College of Arts and The Crucible and the nearby Ex’pression College for Digital Arts, Animation Mentor, University of California and Stanford. According to a study by Americans for the Arts, in 2007 there were 5,532 arts-related businesses employing 21,477 people in Alameda and Contra Costa Counties.

The Oakland Partnership’s *Taking Stock of Oakland’s Economy* report identified Arts, Design and Digital Media as one of Oakland’s primary economic Clusters. Oakland’s Economic Development Division also lists Arts and Digital Media as one of Oakland’s Key Industries, noting that Oakland ranks 23rd in the country for the number of artists as a percent of the workforce, according to the *Artists in the Workforce 1990-2005*<sup>12</sup>. This includes 8,615 designers, 3,430 architects (ranked tenth in the nation), and 2,695 fine artists, art directors and animators. Oakland’s art scene is growing, evidenced by the growing number of art galleries and increased popularity of the monthly *Art Murmur First Friday* art walk; the strength of The Crucible-a fine arts center; and the scores of digital startups emerging in downtown, such as Pandora music. Furthermore, of the hundreds of artists featured in ProArts most recent Open Studios, at least 21 participants were located in West Oakland.

Not surprisingly, due to the large artist community in Oakland, there has been considerable research, development and press on the arts in the City in general, as well as in West Oakland specifically, including Oakland’s Arts Marketing Survey. The nonprofit Support Oakland Artists (SOA) conducted an Art Census in order to take inventory and assess the economic and community impact of the arts in Oakland. Out of the 623 members of the SOA community, 317 have completed the Art Census, with preliminary findings indicating that arts-related income and revenue generated is \$12,734,203 with an additional \$11,201,181 in direct economic impacts created by art-related expenses for activities.

### **C. West Oakland Artists**

It has been often stated that Oakland has one of the highest concentrations of artists per capita in the United States. Per former Oakland Mayor Jerry Brown, “Oakland has over 10,000 artists;

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<sup>12</sup> Source: National Endowment for the Arts.

more per capita than anywhere in the nation besides Greenwich Village". However, no specific artist census is currently available for the City of Oakland<sup>13</sup>. From site tours and area observations CCG concludes that arts activity in West Oakland represents a significant part of Oakland's arts activity and there is a considerable population of artists and alternative lifestyle residents in the Planning Area.

Informed sources contacted by CCG estimate that working artists occupy roughly 1,000 - 1,200 residential and live/work units in the Planning Area. There are three main, non-mutually exclusive, groups of artist stakeholders in West Oakland:

- Those who reside in West Oakland housing units (resident);
- Those who work in West Oakland studios, primarily former industrial space such as American Steel (work); and
- Those who occupy live/work space in West Oakland such as the Peralta Lofts (live/work).

There are several notable residential projects developed by artists in West Oakland, Bruce Beasley's residential and studio compound on both sides of Lewis Street and between 5<sup>th</sup> and 3<sup>rd</sup> Street, the Peralta Studios at Peralta and West Grand Avenue and rented exclusively to practicing artists. However, most Artists who live in the Plan Area are renters. This is significant since renters are more likely to be displaced than owners if land prices and rents increase.

Some Planning Area artists live in "informal" residential conversions of formerly underutilized industrial spaces. Some of the informal conversions are very minimally improved for residential use by the developer (may include only floors, stubbed utilities, and walls between units). Residents undertake the final improvements to the units on their own, and some of those informal units would likely not pass City building inspection.

West Oakland also attracts an "arts-adjacent," alternative lifestyle segment that is attracted to the artists and what they see as an interesting place whose abandoned manufacturing sites and empty lots are ripe for discovery and fuel creativity. Some of these residents are employed in nontraditional fields such as alternative energy and urban farming.

The visible increase in artists and alternative lifestyle residents represent a highly visible change in the Planning Area's population. While the artists and alternative community includes residents of all races, this community is more likely to be non African American or white and thus contributes to the area's growing ethnic diversity.

While the artist who work in the Planning Area is quite diverse in regards to where they worked prior to moving production to West Oakland and where they live now, many of the artists are not originally from the area and form a distinct community, separated from other residents by cultural and sometimes physical walls. Over the years artists have been attracted to West Oakland by the large volume, low-cost space. Some of the first artists moved into the area in the late 1970s and early 1980s. These included independently wealthy individuals who have purchased properties and built compounds and institutions. Another wave of artists moved to the area during the post-dot-com boom, making smaller scale acquisitions, such as LoBot Gallery and Black Dot Artists Collective. Many of these artists rent their space and would be displaced if

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<sup>13</sup> An artist's Census is project was initiated in ----, but is currently stalled for lack of resources.

rents went up. Property owners might also leave if the complementary services they relied upon dispersed.

#### **D. West Oakland Arts Typology**

Taking into consideration the types of arts activities laid out in previous reports as well as anecdotal evidence, Conley Consulting Group identified several types of arts uses/spaces in West Oakland:

- residential;
- live/work;
- artists in residency;
- production;
- performance;
- display/gallery;
- storage;
- supply;
- organizational; and
- rental (events and production).

Conley Consulting Group also identified several arts typologies and related businesses, including:

- industrial;
- visual;
- digital;
- music;
- film and video;
- design;
- performance;
- literary;
- culinary arts;
- supply;
- educational;
- institutional;
- cooperatives;
- publishers;
- retailers;
- conservators;
- wholesalers/distributors and;
- urban farms/gardens.

Additionally, there is a distinction between established arts spaces and temporary, informal, ‘pop-up’ spaces.

## **E. Arts Development**

Several Planning Area developments have targeted the arts community as either living or work space tenants. These include live work studios and group living situations, as well a multi tenant work spaces like the American Steel Studios. These developments have capitalized on low cost land or property to create projects designed specifically for the arts segment. Essentially, the lack of competition for residential and work spaces has created a vacuum filled by artists. Thus, these developments are likely to be negatively impacted if rising area rents and property assets to higher value uses. Users who were pushed out of San Francisco by development pressure arising from the City’s nearby prosperous economy risk repeating that phenomenon in the Planning Area due to economic changes.

### **1. Industrial**

There are a considerable amount of both small and large scale arts users of industrial space in West Oakland. Large scale users include The Crucible, American Steel, and Trapeze Arts Inc. Many users of industrial spaces create large-scale arts pieces to be displayed at Burning Man. Chiodo Art Development, which created the Remember Them Monument for the Uptown district of Oakland, is also located in an industrial building in West Oakland.

### **2. Commercial**

There are limited lifestyle retail and food and beverage establishments in West Oakland that cater to the arts and arts-oriented segments. Most of this energy is captured in the Uptown district. One exception is the popular Brown Sugar Kitchen, which generated strong sales and a loyal customer base that endures long waits for tables in peak periods and attracts patrons to West Oakland from around the region. Some arts establishments, such as American Steel, LoBot Gallery and others, are also social entrepreneurs, holding both formal parties and “informal” fundraising events. These activities proved a patron draw that attracts people to West Oakland. For example, The Crucible has regular events that attract up to 1,000 people.

## **F. Plan Area Opportunities**

In 2008, Incubate Group submitted a proposal for Oakland Design + Media Magnet, a public/private initiative to build on and follow through with the work of the Oakland Partnership. The Project proposed four arts zones citywide, one of which, Mandela Parkway, is located in West Oakland. Additionally, the Multicultural Arts Task Force developed the Mayor-Elect Ronald V. Dellums Community Task Force Report, Economic Development – Arts: Oakland, CA – A City for the Arts and West Oakland was mentioned as a potential site for the development of a new Oakland Film Production Center.

In *Taking Stock of Oakland’s Economy*, chose to highlights Arts, Design, and Digital Media as one of Oakland’s emerging sectors<sup>14</sup>. The report found that Oakland has distinct strengths that could be leveraged to foster new enterprises in the areas of architectural and engineering services, specialized design, motion picture and video production, and the fine arts.

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<sup>14</sup> Oakland Metropolitan Chamber of Commerce, April 2007

However, the arts community is highly price sensitive since many came to the area precisely because they were priced out of San Francisco locations. If new development increases land costs and rents many might leave. This also suggests that higher cost new construction projects is unlikely to be occupied by price-sensitive arts uses. To keep the arts community in West Oakland the inventory of inexpensively remodeled industrial buildings needs to remain available at low prices. In addition, it has been precisely the stock of vacant or underused industrial structures that has allowed artists to move into the neighborhood that has attracted large scale industrial artist to the Planning Area.

However, while much large-scale Burning Man-related industrial arts production takes place in West Oakland, Black Rock Arts Foundation LLC plans to locate its headquarters in 19,000 SF of office space in the mid-Market district of San Francisco. They are also proposed as a master tenant for the historic Pier 70. This indicates that while there might be a demand for more institutional arts uses that can afford higher rents, that segment has to date chosen San Francisco locations.

### **American Steel Studios**

American Steel Studios is a workspace for artists and innovation workers that grew out of a single temporary rental to one artist that needed space to do a large scale sculpture for a specific commission in 2005. Since then Karen Cusolito, has expanded her holdings to a master lease coving 200,000 SF of the American Steel building and the adjacent Poplar Warehouse building. There are 70 tenants in the Studio including industrial artists and non artist science and technology innovation companies, in leaseholds ranging between 1,000 to as large as 6,000 SF. Additionally there are smaller work and storage spaces averaging 100-300 SF in the Poplar Warehouse. The property's history as a heavy industrial facility is a major attraction to potential tenants who use the 18 ton bridge cranes and drive through truck access for large scale fabrication and industrial arts projects which are intended for exhibition at Burning Man, such as Cusolito's 10 ton, 30 ft tall sculptures. The facility is used for production work, shows and exhibits (in the Poplar Warehouse), and some large scale community events. Tenants include Oakland residents and others from as far away as Marin. Cusolito lived and worked in San Francisco when she took the first temporary lease at American Steel. She is now a Planning Area resident. Rents range from \$0.55 to \$0.85/SF.

### **G. Planning Area Opportunities**

It is clear that the arts can contribute to urban revitalization efforts. The University of Pennsylvania's Social Impact of the Arts Project, which has been conducting research on the role of the arts and culture in urban neighborhoods for the past 15 years, has identified the existence of 'natural cultural districts,' geographic areas in which a variety of cultural assets—organizations, businesses, participants, and artists—are clustered. The Planning Area appears to match this definition. The University's project argues that these districts are important because there is some evidence that these concentrations positively impact cultural production and have beneficial spill-over effects on the immediate community. The Reinvestment Fund's research also suggests that natural cultural districts contribute to group efficacy within neighborhoods and bridge social and ethnic groups, using culture to revitalize cities without creating greater divisions between classes.

Mark Stern and Susan Seifert in their paper, *Cultivating 'Natural' Cultural Districts*, also argue that these places should be nourished since they revitalize cities by building geographically-defined social networks that “translate cultural vitality into economic dynamism.” The side effect of the cluster of arts activities is innovation and creativity, which spur cultural production and can help neighborhoods on the verge of revitalization by attracting new services and residents. The authors argue that these natural cultural districts offer the best balance of costs and potential benefits because they are already burgeoning and are ripe for strategic interventions to increase their success, offer opportunities for profitable investment, and have the ability to produce considerable spillover effects on less dynamic parts of the City.

Arts-related activities produce considerable sales tax revenues for the City and occupy many formerly vacant properties in the Planning Area, contributing industry and creativity to the area. However, it is unclear how many West Oakland residents are employed by these arts activities and the extent to which they contribute to the revitalization of the surrounding community. Some arts-related businesses in West Oakland make more of an effort than others to hire, or attempt to hire, local residents. For example, half of those employed at Outhouse Productions, a local film and video production firm at the Oakland Film Center located on the former Oakland Army Base, outside the Specific Plan Area, are from Oakland. The Crucible also provides art education for local youth. However, there does not appear to be of a career pathway into the associated businesses for Planning Area residents.



## VII. CRIME

### A. Planning Area Crime Rates

For several decades, the planning has had a poor reputation – both regionally and within Oakland – for high crime, gangs, and drug-related activity. The City of Oakland also has a poor reputation for public safety reinforced by the recent resurgence the murder rate. While crime has decreased citywide over the past five years, West Oakland is still affected by both violent crimes against persons and property crimes<sup>15</sup>.

#### 1. Part 1 Violent Crimes Against Persons

The Federal Bureau of Investigation (FBI) defines Part 1 violent crimes as murder, rape, robbery, and aggravated assault. Table 24 shows the crime rates for all Part 1 crimes and demonstrates how crime in West Oakland compares to the City of Oakland, the Metropolitan District and the State. The rate of violent crimes against people is significantly higher in the Planning Area than in the comparison districts.

TABLE 24: PART 1 CRIMES PER 10,000 RESIDENTS IN 2010, WEST OAKLAND SPECIFIC PLAN							
	Planning Area	All of Oakland	Ratio <sup>a</sup>	Metro District <sup>b</sup>	Ratio <sup>a</sup>	California	Ratio <sup>a</sup>
<b>Violent Crimes</b>							
Murder	7.93	2.20	3.61	0.77	10.24	0.49	16.33
Rape	9.91	7.76	1.28	2.80	3.54	2.24	4.43
Robbery	132.00	71.19	1.85	25.30	5.22	15.60	8.46
Aggravated Assault	157.36	71.80	2.19	29.28	5.38	25.74	6.11
<b>Subtotal</b>	307.20	152.96	2.01	58.15	5.28	44.06	6.97
<b>Property Crimes</b>							
Burglary	173.62	121.08	1.43	76.62	2.27	61.43	2.83
Auto Theft	116.93	113.34	1.03	62.53	1.87	40.94	2.86
Larceny Theft	272.71	188.42	1.45	179.25	1.52	161.21	1.69
Arson	7.53	3.98	1.89	N/A		N/A	
<b>Subtotal with Arson</b>	570.79	426.82	1.34				
<b>Subtotal without Arson</b>	563.26	422.85	1.33	318.39	1.77	263.58	2.14
<b>Total Without Arson</b>	877.99	579.78	1.51	376.54	2.33	307.64	2.85
Source: Conley Consulting Group; City of Oakland Police Dept. Data 2010; FBI 2010 California Crime Data Calculations based on population estimates from Claritas, Inc. and California Department of Finance							
<sup>a</sup> Ratio calculated by dividing the Planning crime rate by Oakland, county and state rates. A ratio over 1.0 indicates that crime in West Oakland is higher than in the comparison jurisdiction.							
<sup>b</sup> The Oakland-Fremont-Hayward Metropolitan District includes Alameda and Contra Costa Counties and is a reporting area identified in the FBI Uniform Crime Report							

<sup>15</sup> The Planning Area is located in Service Area 1 of the Oakland Police Department and comprised of beats 02X, 02Y, 05X, 06X and 07X. The crime analysis presented below is based on reports from all the beats covering the Plan Area. The analysis focuses on Part 1 crimes, which include violent crimes and property crimes.

The overall rate for Part 1 violent crimes in the Planning Area is nearly twice as high as for the city, and roughly five times and seven times higher than the rate for the Metropolitan District and for the State of California respectively. The Planning Area has a much higher murder rate almost four times higher than the city's, ten times higher than the Metropolitan District, and 16 times higher than the State of California.

Robbery and aggravated assault are the most common Part 1 violent crimes in the Project Area as well as in the three comparison jurisdictions. Both of these crimes rates in the Planning Area were twice as high as the City's rate, and roughly five times higher than the Metropolitan District, and between six and eight times higher than the State.

Conversations with police patrol officers assigned the Planning Area indicated that violent crimes against persons in the Planning Area are often related to drug activities. Oakland Police stated that Planning Area violent crime and murder rates are high, but attributed many of the murders to the victim's affiliation with drug trafficking and associated activities. Officers also stated that robberies and assaults were often drug related, including the robberies of rival drug dealers and robberies or assaults as a means of indoctrinating new members into gangs.

Police officers indicated that West Oakland suffered from some of the same crime issues as other neighborhoods in East and North Oakland. However, the area reputation comes from long term drug dealing around public and affordable housing developments such as Campbell Village, Peralta Village and Acorn Towers. Officers also attribute some of the violent crime to the areas' high number of homeless people, including drug users. It was noted that violent crime in the northern portion of the Planning Area was also affected by crime suppressed in adjacent neighborhoods by the North Oakland Gang Injunction. This has resulted in the import of crime into the Plan Area from North Oakland.

## **2. Part 1 Property Crimes**

The FBI defines Part 1 property crimes as burglary, larceny, vehicle theft, and arson. In 2010 the Planning Area had a rate of more than 20% higher than the City's and 1.5 times higher than for the Metropolitan District and the State. Burglary and auto theft in the Plan Area are also higher than in the City and significantly higher than in the other two comparison jurisdictions. Lastly, the rate of arson was almost two times the City's arson rate.

Oakland Police attributed much of the Planning Area's property crime rates to drug related activity and the large homeless population. Officers said that the majority of property crimes were committed against area homes, including theft of copper pipes out of homes available for sale. Reportedly, burglaries and theft are often committed to fund drug use or drug trafficking. Officers reported that larger industrial properties are not often the target of vandalism crimes. Vandalism to commercial structures is generally limited to the Planning Area's commercial corridors such as San Pablo Avenue and West Grand Avenue. The historic train station has been a major target for vandalism since it was closed after the 1989 Loma Prieta earthquake.

## **B. Impact of Planning Area Crime**

### **1. Existing Residents & Businesses**

Planning Area residents have long endured high crime rates and the negative impact of crime on the neighborhood's quality of life. Although crime remains a significant issue in the Planning Area, there are some examples of safety improvements from joint community and police enforcement efforts. According to the police new Planning Area residents are more likely to expect (and to demand) police support to make the neighborhood safer.

Traditionally, West Oakland has been a tight knit community, and many long term West Oakland residents do not either trust the police or view them as allies in keeping the neighborhood safe. Oakland police report that traditionally many Planning Area residents refuse to report crimes, some for fear of reprisals, some for distrust of the police.

Since the middle of the last decade, there has been a major shift in the Planning Area resident base. While officers noted that overall rate of crime has remained fairly steady over the last decade, the introduction of new residents has illuminated many of the criminal issues. New residents have been much more vocal and persistent about reporting crime and feel entitled to demand that the City take an active role in addressing crime in West Oakland.

The area has a reputation as a crime zone for opportunity crimes such as robbery and aggravated assault. Many crimes may actually be directly related to drug use and trafficking. But even crimes where both victims and perpetrators are criminals can lead to a general feeling of vulnerability in a neighborhood. Reportedly, Planning Area businesses have been affected by violence, loitering, prostitution and drug activity, and the threat of robberies.

### **2. Impact on Development Potential**

New market rate housing development has been primarily limited to the periphery of the Planning Area, e.g. along Wood Street, West Grand, 7<sup>th</sup> Street and the Dogtown neighborhood adjacent to Emeryville. However, crime has impacted these developments as well. New residents at the Central Station developments have been the victim of robberies and assaults. On 7<sup>th</sup> Street the Subway Shop in the ground floor of the Mandela Gateway (developed in 2005) has been robbed several times.

Currently the Planning Area attracts new residents who are primarily seeking low cost housing and a bohemian character, who feel exempt from safety concerns and are not deterred by crime and other current neighborhood issues. We note, however, that as in many pioneering neighborhoods, the earliest of these new residents are more likely to be male than female.

However, the incidence and fear of crime is a significant deterrent to potential Planning Area residents who could afford housing priced at market rates that support the cost of new construction (see Section IV). Conversations with police officers confirmed that the introduction of new businesses and housing will require active community and police involvement control crime in these locations

## **VII. CAVEATS AND LIMITATIONS**

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CCG has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Such information was compiled from a variety of sources deemed to be reliable, including state and local government, planning agencies, real estate brokers, Claritas, ABAG, and other third parties. Although CCG believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties. Further, no guarantee is made as to the possible effect on development of current or future federal, state, or local legislation including environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions that were developed using currently available economic data, project specific data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.

1. The analysis contained in this document is based, in part, on data from secondary sources such as state and local government, planning agencies, real estate brokers, and other third parties. While CCG believes that these sources are reliable, we cannot guarantee their accuracy.
2. At the time of the writing of this report (Summer/Fall, 2011), the U.S. economy is slowly and slightly emerging from a recession which started with the housing market meltdown and subsequently moved to include a global credit crises, and a 40% decline in equity markets around the world. Nationally limited job growth is projected to continue. The unusual depth and length of this recession is unprecedented since the Great Recession. Many economists are predicting a tepid recovery and no real economic expansion until mid decade, leading to anemic job and housing growth for the next few years. If the local or national recession is prolonged beyond those assumptions or if an unforeseen change occurs in the economy, the conclusions contained herein may no longer be valid. On the other hand, if there is significant job creation in many of these development opportunities may be accelerated.



**Conley Consulting Group**

**Appendix.**

**Residential Product Type  
Profiles**

**PRODUCT TYPE: SINGLE FAMILY UNITS (NEW)**

**Unit Mix:** 2bd/2ba, 3bd/2ba

**Size :** 1,500 – 1,700 SF

**Location in West Oakland:** Dogtown



**Performance:** Newly constructed single family homes have been rapidly absorbed in the Planning Area, some as quickly as four weeks or less.

**Absorption:** Absorption has varied based on quality of amenities and location within the Planning Area. According to developers new development with the right pricing has been known to be absorbed as quickly as several days on the market.

**Resident Profile:** San Francisco renters looking for more space in an urban environment, many of which are first time homebuyers. Despite looking for more space, residents are often single males who work in the tech industry and work from home.

**Current Pricing:**

Unit Type	# units	Pricing	\$/SF	Size (SF)
2bd 2.5ba	N/A	\$429,000	\$286/SF	1,500

**PRODUCT TYPE: SINGLE FAMILY UNITS (REHAB)**

**Unit Mix:** 3bd/2ba, 4bd 3ba

**Size :** 1,800-2,500 SF

**Location in West Oakland:** Dogtown/ Wood Street



**Performance:** Single family rehabilitated homes have weaker performance than new development in the current housing market. While they often attract prospective buyers with their Victorian era aesthetic, many perspective buyers see a rehabilitated house as having additional maintenance costs over and above the costs of new development.

**Absorption:** Rehabilitated single family units have been known to take up to several months to be absorbed by buyers.

**Resident Profile:** San Francisco renters looking for more space in an urban environment, many of which are first time homebuyers.

**Current Pricing:**

Unit Type	# units	Pricing	\$/SF	Size (SF)
4bd 2ba	N/A	\$499,000	\$217/SF	2,300

**PRODUCT TYPE: DUPLEX-FOURPLEX UNITS****Unit Mix:** 1bd/1ba, 2bd/1ba, 3bd/2ba**Size :** 500-1,500 SF**Location in West Oakland:**

This is one of the most dominant rental housing types in Planning Area. Many are located in the Prescott, Ralph Bunche and Hoover/Foster areas of West Oakland. All of the units on the market are rehabs, often of old Victorian homes.



**Performance:** These units are popular in the area because they provide larger units for at a minimal cost. However, turnover in these units can be high as they appeal to young people who are not likely to remain in the unit for a very long period.

**Absorption:** These units are absorbed quickly into the market are often rented within a month.


**Resident Profile:** Residents attracted to this product type often include young artists looking for bargain housing in West Oakland as well as long term, lower income residents. Many of these residents are looking to take advantage of larger housing units at lower prices which are not available to them at such low rental rates in other parts of the City.

**Current Pricing:**

Unit Type	Rental Range	\$/SF	Size (SF)
1bd 1ba	\$750-\$800	\$1.50-\$1.60	500
1bd 1ba	\$750	\$1.25	600
1bd 1ba	\$850	\$1.13	750
2bd 1ba	\$1,150	\$1.28	900
2bd 1ba	\$1,100	\$1.10	1000
2bd 1ba	\$1,300	\$1.18	1100
2bd 2ba	\$1,750	\$1.84	950
3bd 1ba	\$1,400-\$1,550	\$1.27-\$1.41	1,100
3bd 1ba	\$1,800	\$1.00	1,800
3bd 1.5ba	\$1,450	\$1.21	1,200

**PRODUCT TYPE: DOGTOWN DEVELOPMENT PROTOTYPE (TOWNHOUSES/STACKED)**




<p><b>Unit Mix:</b> 2bd/2ba, 3bd/2ba</p> <p><b>Size :</b> 1,200-1,900 SF</p> <p><b>Location in West Oakland:</b> Dogtown/Wood Street</p>	
<p><b>Performance:</b></p>	<p>The majority of the units developed by Dogtown Development were built prior to the 2008 economic downturn, which has allowed them to achieve a better performance than other developments released in during and after 2008. The majority of these product types have been absorbed.</p>
<p><b>Absorption:</b></p>	<p>The typical development type for Dogtown Development was between 4-12 units. The average absorption rate for this product type was 1 unit per month.</p>
<p><b>Resident Profile:</b></p>	<p>Similar to other new construction for-sale products, developers and brokers have indicated the residential profile for this product type is largely former San Francisco renters and predominantly male.</p>

**Current Pricing:**

Unit Type	# units	Rental Range	\$/SF	Size (SF)
2bd 2.5ba	N/A	\$469,000	\$307/SF	1,527

**PRODUCT TYPE: WOOD FRAME DEVELOPMENT**

<p><b>Unit Mix:</b> 2bd/2.5ba, 3bd/3.5ba</p> <p><b>Size :</b> 900-1,600 SF</p> <p><b>Location in West Oakland:</b> Wood Street</p>	
<p><b>Performance:</b></p>	<p>Newly constructed for sale units located along Wood Street have not performed as was expected prior to the economic downturn. Units along Wood Street have had difficulty being absorbed. Those units that have closed were often sold at discount prices. This is more a result to the economic climate than a response to product type.</p>
<p><b>Absorption:</b></p>	<p>Absorption for this large scale wood frame development has on average been 2 units per month, slower than what was anticipated prior to the economic downturn.</p>
<p><b>Resident Profile:</b></p>	<p>Resident profiles at this location were identified as predominantly male, first time homebuyers commuting to San Francisco jobs. Other residents included couples without children and some empty nesters.</p>

**Current Pricing:**

Unit Type	# units	Pricing	\$/SF	Size (SF)
2bd 2.5ba	N/A	\$299,000 - \$345,900	\$302 - \$328/SF	987-1,054
3bd 3.5ba	N/A	\$429,900 - \$449,900	\$276 - \$289/SF	1,556