Case File Number PUD03552, PUDF03553 and ER30022 LPAB August 12, 2013

Attachment G: 5/12/08 LPAB Staff Report (includes Engineer's Report)

Case File Numbers: ER030022, PUD03552, PUDF03553

May 12, 2008

Location: Site bounded by Broadway, 23rd Street, Valley Street, and

24th Street ("parcel B" portion of Broadway-West Grand

Project).

Proposal: Second amendment to PUDF03553 to remove historic façade located

on 23rd and Valley Streets that was previously incorporated into proposed new building façade; and design changes to other street-

facing facades.

Applicant: Signature Properties, Inc. **Owner:** Signature Properties, Inc.

Planning Permits Required: Amendment to Final Development Plan.

General Plan: Community Commercial

Zoning: C-40 Community Thoroughfare Commercial Zone / C-60 City

Service Commercial Zone

Environmental Determination: Reliance on a previously certified EIR document through an

addendum.

Historic Status: Site includes five buildings considered historic resources under

CEQA.

Service Delivery District: II – North Oakland/North Hills

City Council District: 3

For further information: Contact case planner Catherine Payne at (510) 238-6168 or by

email at cpayne@oaklandnet.com.

SUMMARY

The proposed second amendment to the Broadway West Grand Parcel B project (proposed project) is before the Landmarks Preservation Advisory Board (LPAB) to seek a recommendation to the Planning Commission. The project is located on the entire block bounded by 23rd Street to the south, Valley Street to the west, 24th Street to the north and Broadway to the east. An EIR was certified for this project, and the project approved, in 2004 and an amendment approved by the Planning Commission in November 2006. The approved project includes demolition of a historic building located at 440-448 23rd Street and retention of the façade of said building. At this time, the applicant proposes façade design changes to the Parcel B project that include removal of the façade located at 440-448 23rd Street. This proposed change constitutes an amendment to the existing project approvals and, as such, is subject to review and decision by the Planning Commission. The LPAB previously provided a recommendation regarding this proposal in January 2008 (recommending denial of the request and additional work). At this time, the applicant has met with community members and with City staff to determine appropriate compensation, thereby completing some of the additional work requested by the LPAB. Staff again requests a recommendation from the LPAB to the Planning Commission regarding the proposed amendment to the project approvals based on the new information provided.

Case File Numbers ER030022, PUD03552, PUDF03553 (amended)

Page 2

Insert location map

PROJECT SITE AND SURROUNDING AREA

The 3.5-acre site comprises an entire city block bounded by 23rd Street to the south, Valley Street to the west, 24th Street to the north, and Broadway to the east. Existing land uses on the site include auto-related sales and services, surface parking, small-scale retail and commercial services, and residential units. The surrounding area is characterized by Broadway Auto Row to the north, and Central Business District uses to the south. Surrounding land uses include a mix of commercial and residential uses, including the current development of Parcel A of the Broadway-West Grand project on the block immediately south of the Parcel B site under consideration at this time.

BACKGROUND

On January 14, 2008, the Landmarks Preservation Advisory Committee (LPAB) considered a proposed amendment to the approved project that would include demolition of the façade at 440-448 23rd Street. The façade is part of a building rated Cb+2+ on the Oakland Cultural Heritage Survey (OCHS). The building (but not the façade) is approved for demolition under the existing entitlements, and demolition is considered a significant and unavoidable environmental impact in the certified Environmental Impact Report (EIR). Staff recommended a condition of approval requiring payment of \$68,750 into the City of Oakland Façade Improvement Program in exchange for demolition of the façade. At that time, the LPAB passed a motion "that the proposed demolition of the façade in exchange for the donation be denied. Additional study, including actual cost and schedule of the demolition, impacts, and what other mitigations exist on site as well as within the City shall be undertaken."

During discussion of the agenda item on January 14, 2008, LPAB members made additional requests beyond the direction provided in their motion. Specifically, members of the LPAB felt that the proposed compensation of \$68,750 was not adequate with respect to the estimated five million dollars that would be saved the developer by demolishing the façade at 440-448 23rd Street. LPAB members requested more analysis regarding the five million dollar figure than what was provided by the project proponent. In addition, members asked the project proponent to consider alternative engineering solutions to preserve the façade. Finally, LPAB members requested that the project proponent consider preservation of other historic structures on site that are currently planned for demolition (there are seven historic resources on site, and five are planned for demolition. The project proponent has not responded to these discussion items.

In response to the LPAB's motion, however, the applicant has met with members of the Oakland Heritage Alliance (OHA) twice and with the City of Oakland Redevelopment Agency (ORA) staff. Although the meetings with OHA did not result in agreement regarding acceptable compensation for loss of the facade at 440-448 23rd Street, both parties report meeting in good faith. The ORA staff however, has expressed an immediate need for funding of the Fox Theater project (located on Telegraph Avenue between 18th and 19th Streets). The Fox Theater project, sponsored by the ORA, includes preservation and renovation of the historic theater. Staff believes that providing the ORA with a contribution to the Fox Theater historic preservation

project could constitute possible compensation consistent with the spirit of the request of the LPAB. Based on these discussions, the Design Review Committee (DRC) considered the following draft condition of approval at their meeting on April 23, 2008:

Prior to issuance of demolition permit for the historic façade located at 440-448 23rd Street, the applicant must provide [dollar amount to be determined] to the Oakland Redevelopment Agency to be spent specifically on historic preservation of the Fox Theater; At the discretion of the ORA, the amount may be discounted by up to 33% if the applicant agrees to provide full payment within two months of the date of this approval.

The proposed condition of approval provides incentive to provide needed funds to the Fox Theater historic preservation project in a timely manner. The incentive is based on an interest rate of 10% per year, and assumes that demolition permits would not be issued for up to three years. In addition, the proposed condition of approval provides clarity as to where funding would be directed.

The DRC declined to comment on or provide direction regarding the draft condition of approval at their meeting on April 23, 2008.

PROJECT DESCRIPTION

Current Land Use Entitlements

Signature Properties has land use entitlements (or project approvals) for a phased redevelopment of both Parcel A and Parcel B sites with up to 475 residential units, 40,000 square feet of ground-floor commercial space on West Grand Avenue and Broadway, and 675 structured parking spaces (545 residential and 130 commercial). The project site consists of almost two entire blocks, which are designated Parcel A and Parcel B. Parcel A is the block bounded by West Grand Avenue, Broadway, Valley and 23rd Streets, and has been developed as Phase I of the project. Parcel B is the block bounded by West Grand Avenue, Broadway, Valley, 23rd and 24th Streets, and would be developed in Phase II of the project. Up to 13 existing buildings on the entire site would be demolished, but the facades of the two buildings at the corners of 23rd/Valley Streets would be retained and incorporated into the project development. Five historic resources would be demolished and two would have the facades preserved; none of the historic resources would be preserved in their entirety.

Proposed Project Amendment

The project applicant has revised the proposed amendment since the LPAB previously reviewed this project on January 14, 2008. The previously considered proposal included a change in building type for Phases I and II of the Parcel B site, as well demolition of the façade at 440-448 23rd Street; the current proposal includes a redesigned building and construction type for the same phases, as well as the demolition of the subject façade. The currently proposed amendment

to the Parcel B FDP is a redesign of Phases I and II. This proposed amendment would not affect the two parcels located on Broadway (Phases III and IV). The building redesign generally maintains the site planning, massing, land use density and intensity, and style of the approved project. However, the proposed building type and layout are entirely different from the approved plan, as is the proposed demolition of a historic façade. The following is a list of the proposed project revisions:

- O Building Type: The current Phases I and II proposal is for two buildings to be developed as a single product: The site plan includes a five-level concrete parking garage located in the interior of the parcel (adjacent to the alley that connects 23rd to 24th Street) surrounded (or wrapped) on three sides by a four-story wood construction residential complex.
- o Building Layout: The proposed building layout would perform as a single building with an entry lobby on Valley Street and centralized group usable open space in three locations. Although there would be no change in the unit count, the proposed units are of different sizes and types than the approved project. The primary difference between the approved and proposed project is that the approved garage occupies a partially below-grade podium covering the site, and the proposed change consolidates the garage at the interior of the site and includes at-grade residential units located facing the three public streets (23rd, Valley and 24th Streets).
- o Massing: The approved and proposed project massing are similar to one another. However, the approved project includes two distinctly separate four-story buildings, whereas the proposed amendment appears as a single building with a distinct lobby on Valley Street separating two wings.
- o Building Height: The approved and proposed plans both include four story buildings although the height is decreased by approximately one foot across the site in the proposed amendment.
- o Facades: The proposed façades are stylistically similar to the approved façade design. The proposed amendment is a variation on the approved plan in terms of style, windows, materials, recesses and projections. The primary façade change, discussed in detail below, is the proposed demolition of the historic façade at 440-448 23rd Street.
- o *Points of Entry (access and egress)*: The project points of entry are the same between the approved project and the proposed amendment.
- O Historic Façade: The approved project includes demolition of an historic building located at 440-448 23rd Street and retention of the façade of said building. At this time (and this is not a change from the amendment considered by the LPAB on January 14, 2008), the applicant proposes removal of the façade located at 440-448 23rd Street. 440-448 23rd Street is a historic resource with a local rating of Cb+2+ ("C" for secondary importance, "b+" for major importance contingency, "2+" for contributes to area of secondary importance or API) and was approved for demolition in the land use entitlements (although the façade was to remain). Demolition of this building was considered a significant and unavoidable impact at the time of EIR certification in December 2004.

ENVIRONMENTAL REVIEW

The Planning Commission certified an EIR for the existing PUD on December 1, 2004. The EIR considered an envelope of development that included up to 343 residential units, 18,700 square feet of commercial space, and 475 parking spaces. The first approved amendment to the FDP includes a net increase of eight (8) residential units and 14 parking spaces over the development envelope considered in the EIR.

The previously identified impacts to historic resources are as follows:

Significant and Unavoidable Historic Resource Impacts

The previous Draft EIR analysis identified significant and unavoidable impacts on cultural resources. The project would result in either demolition or substantial alteration of up to 13 existing buildings on the site. Of these buildings, seven would qualify as cultural resources. These buildings include: 1) 2335 Broadway, 2) 2343 Broadway, 3) 2345 Broadway, 4) 2366-2398 Valley Street, 5) 439 23rd Street, 6) 440-448 23rd Street, and 7) 441-449 23rd Street. The location of these buildings is shown in the attached figure (see Attachment F) from the Draft EIR. The historic significance ratings for these buildings are shown in the attached table (see Attachment C) from the Draft EIR.

Originally, the applicant proposed retaining the facades at 440-448 and 441-449 23rd Street. However, constructing several stories of residential units above the retained facades would result in a substantial adverse effect on each building's character-defining elements and would render them no longer eligible for listing in the California Register. The proposed mitigation measures (E.3a through E.3f) would require the project sponsor to prepare a Historic American Building Survey for each of the seven affected buildings, prepare a history of the role played by the buildings in the history of automobile sales and repair in Oakland, incorporate historic interpretive elements into the project, salvage architectural elements from the buildings, curate materials and reports at the Oakland History Room, and make any or all of the buildings available for those who may wish to relocate them. Although these mitigation measures would reduce the impacts of the project on cultural resources, they would not be mitigated to less-thansignificant levels. The demolition or alteration of these cultural resources would also result in cumulative project impacts in conjunction with other proposed and approved projects in the general vicinity such as the Uptown Mixed-Use project, the Thomas L. Berkley Square project, and the Bay Place project. The proposed project, in combination with these other projects, would eliminate a total of 15 cultural resources in north downtown Oakland.

The Final EIR included a modified project description that would retain the façade of the building at 2335 Broadway instead of the building at 441-449 23rd Street proposed in the previous project description. In addition, Mitigation Measure E.5 related to cumulative impacts of the project on cultural resources was modified to require the project sponsor to contribute \$125,000 to the City's Façade Improvement Fund for cumulative impacts on cultural resources in downtown Oakland and the vicinity. The contribution would be earmarked for improving

facades of buildings identified as cultural resources in the downtown area according to the General Plan Historic Preservation Element of the Oakland Cultural Heritage Survey.

Incorporation of the facades of certain historic buildings as part of the project would not mitigate the project impact or the cumulative impact of the loss of those buildings to a less-than-significant level. The Planning Commission made findings for overriding considerations related to these significant, unavoidable impacts.

EVALUATION OF PROPOSED FAÇADE REMOVAL

No Further Environmental Review for Historic Resources is Required under CEQA

The façade located at 440-448 23rd Street is a feature of an historic building. The EIR identified the demolition of the building, even whilst retaining the façade, as a significant impact that could not be mitigated to a less-than-significant level. The current proposal to remove the façade, when considered under CEQA could not result in any worse impact than that previously analyzed; demolition of the building, even with retention of the facades, was previously identified as a significant unavoidable impact in the certified EIR, and demolition of the facades would not constitute a substantial adverse change from the impact that was previously identified. In essence, the EIR determined that demolition of the building would demolish the features of the building that would otherwise make it eligible for listing on any local or other historic register. In other words, the historic quality of the building is lost by demolition of the building, regardless of whether or not the facades are retained. Demolition of the facades contributes to the same unmitigable impact previously identified in the EIR. Therefore, this change to the project would not result in any need for supplemental environmental review under CEQA.

Justification for Proposed Changes

The applicant maintains that it would be too costly to retain/rehabilitate the façades. Specifically, supporting the facades would require concrete construction of the new building to be located behind the existing facades. However, the applicant had anticipated wood construction for the proposed building (which is the typical type of construction for this size and mass of building), a much less expensive construction type. The applicant believes that the difference in construction costs would be in the range of five million dollars, and that construction time would be increased by four months (see attachment).

The applicant proposes an alternative that is entirely new construction. The new facades would not imitate the existing historic facades and are designed to integrate with the facades of the entire building. The building design is clean and subdued, and consistent with the larger Planned Unit Development in terms of having the grander architecture and massing closer to (and on) Broadway. Staff supports the design of the proposed change (see additional discussion below).

Design Issues

The existing facades are attractive, and the cultural resource analysis prepared for the EIR indicated that the facades were in good repair and that the major alteration, replacement windows, could be mitigated with new replacement windows based on the original window design.

The current design proposal includes new subdued facades that are attractively massed and arranged in the context of the overall project and surrounding neighborhood. The attached plans indicate a building design that is fairly simple and clean, and appropriately less prominent than the more grand architecture and massing located on Broadway. The proposed simple and clean rhythm, massing and materials are consistent with the surrounding context of smaller, neighborhood uses and architecture. In addition, the proposed design provides differentiation from the other buildings included in the PUD, providing for desirable variety and interest in the area.

The Planning Code Section 136.050.C.2 requires that demolition of a PDHP that is not a historic landmark meet the following criteria (findings):

- a. The design quality of the proposal of the proposed project is at least equal to that of the original structure and is compatible with the character of the neighborhood; or
- b. The public benefits of the proposed project outweigh the benefit of retaining the original structure; or
- c. The existing design is undistinguished and does not warrant retention and the proposed design is compatible with the character of the neighborhood.

The proposed project provides attractive, increased high-density housing near downtown and mass transit. The public benefit of attractive, environmentally sound and reasonably priced residential development near downtown Oakland can be considered to outweigh the benefit of retaining the historic façade should the costs of retention be passed on to the residents of the project.

Conditions of Approval

Based on direction from the LPAB and DRC, input from the ORA, and discussions between the applicant and members of OHA, staff recommends consideration of two conditions of approval that would allow demolition of the historic façade at 440-448 23rd Street upon appropriate compensation, as follows:

Condition 1: Prior to issuance of demolition permit for the historic façade located at 440-448 23rd Street, the applicant shall provide a financial contribution of \$___[amount to be determined by the Planning Commission] to the Oakland Redevelopment Agency to be spent specifically on historic preservation of the Fox Theater; At the discretion of the ORA, the amount may be discounted by up to 33% if the applicant agrees to provide full discounted payment of \$____ within two months of the date of this approval.

Staff previously recommended consideration of compensation in the amount of \$68,750 for demolition of the historic façade, based on the most recently used formula for calculating a similar fee for the Courthouse Condominium project. Conditions of approval can only be applied to a project for which there is a nexus, or connection. Therefore, staff is not able at this time to provide any further guidance regarding the specific amount of compensation that a decision-making body may seek. However, any condition of approval can be applied to a project to which the project proponent agrees.

Condition 2: A demolition permit for the historic façade located at 440-448 23rd Street shall not be issued until issuance of a building permit for the core and shell of the approved project.

This condition would ensure that construction of the project is guaranteed prior to demolition of the historic resource, as recommended by the DRC and community members.

RECOMMENDATION

Staff acknowledges that the proposed new construction does not take advantage of an opportunity for historic preservation and rehabilitation. At the same time, staff acknowledges the benefit of providing attractive, well-designed and reasonably priced multi-family housing opportunities in well-served areas of Oakland. Therefore, staff supports the proposed design compromise, with the inclusion of the proposed condition of approval.

CONCLUSION

Staff recommends that the LPAB do the following:

- Recommend that the proposed demolition of the façade at 440-448 23rd Street be approved, subject to a condition of approval that reads as follows: "Prior to issuance of demolition permit for the historic façade located at 440-448 23rd Street, the applicant shall provide a financial contribution of \$___[amount to be determined by the Planning Commission] to the Oakland Redevelopment Agency to be spent specifically on historic preservation of the Fox Theater; At the discretion of the ORA, the amount may be discounted by up to 33% if the applicant agrees to provide full discounted payment of \$____ within two months of the date of this approval."
- Recommend that the proposed demolition of the façade at 440-448 23rd Street be approved, subject to a condition of approval that reads as follows: "A demolition permit for the historic façade located at 440-448 23rd Street shall not be issued until issuance of a building permit for the core and shell of the approved project."
- 3) Recommend a dollar amount for compensation to be considered by the Planning Commission; and

- Find that the proposed façade demolition does not require further environmental 4) review with respect to historic resources and that reliance on the addendum is appropriate.
- Find that the project meets the criteria of Planning Code Section 136.050.C2, in that 5) the proposed project would provide attractive, increased high-density housing near downtown and mass transit. The public benefit of attractive, environmentally sound and reasonably priced residential development near downtown Oakland can be considered to outweigh the benefit of retaining the historic façade should the costs of retention be passed on to the residents of the project.

Respectfully submitted:
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GARY V. PATTON
Deputy Director, Planning & Zoning
Prepared by:
Troparoa by.
Catherine Payne
Planner IV Major Development Projects
Planner LV Wigior Development Projects

- Attachments: A. Project Plans
 - B. LPAB staff report, dated January 14, 2008, with attachments
 - C. Draft Broadway-West Grand Mixed Use Project Environmental Impact Report Addendum #2

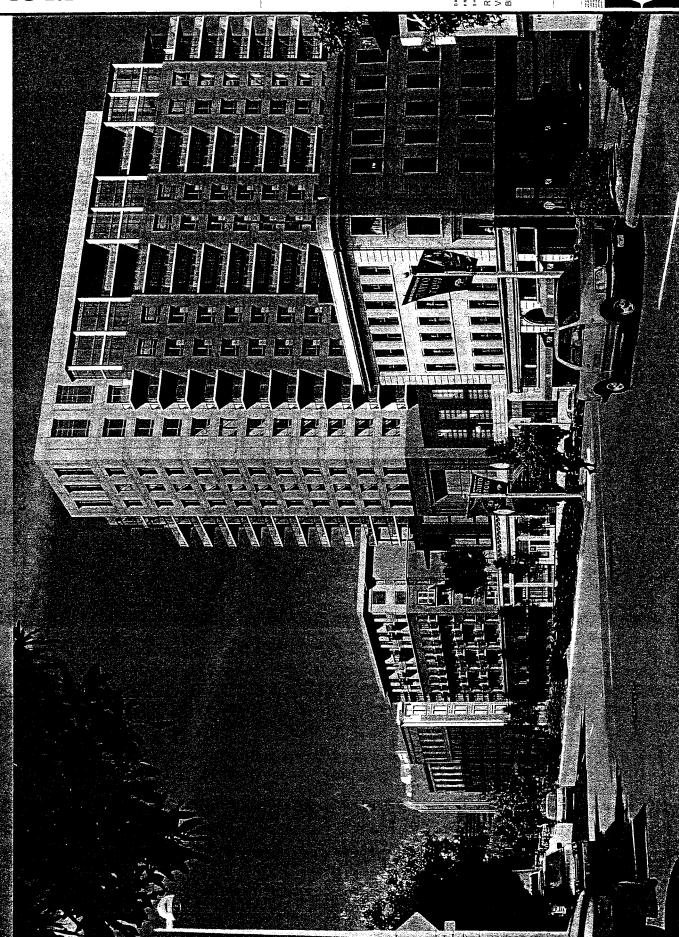
Case File Numbers ER030022, PUD03552, PUDF03553 (amended)

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Attachment A: Project Plans

Attachment B: LPAB staff report, dated January 14, 2008

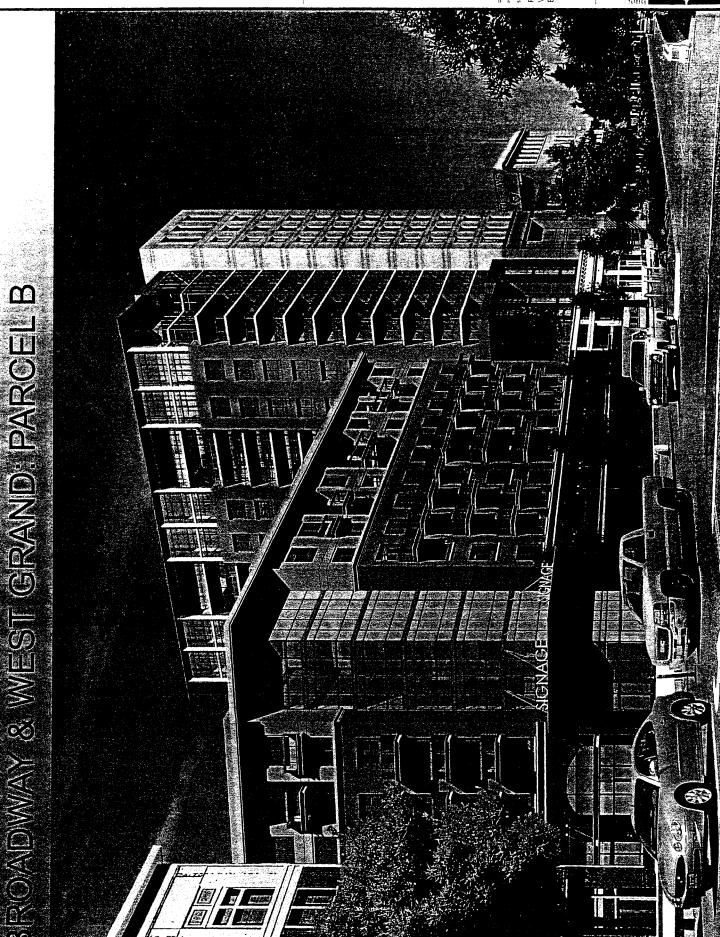
Attachment C: Draft Broadway-West Grand Mixed Use Project Environmental Impact Report Addendum #2



BROADWAY & WEST GRAND PARCEL B







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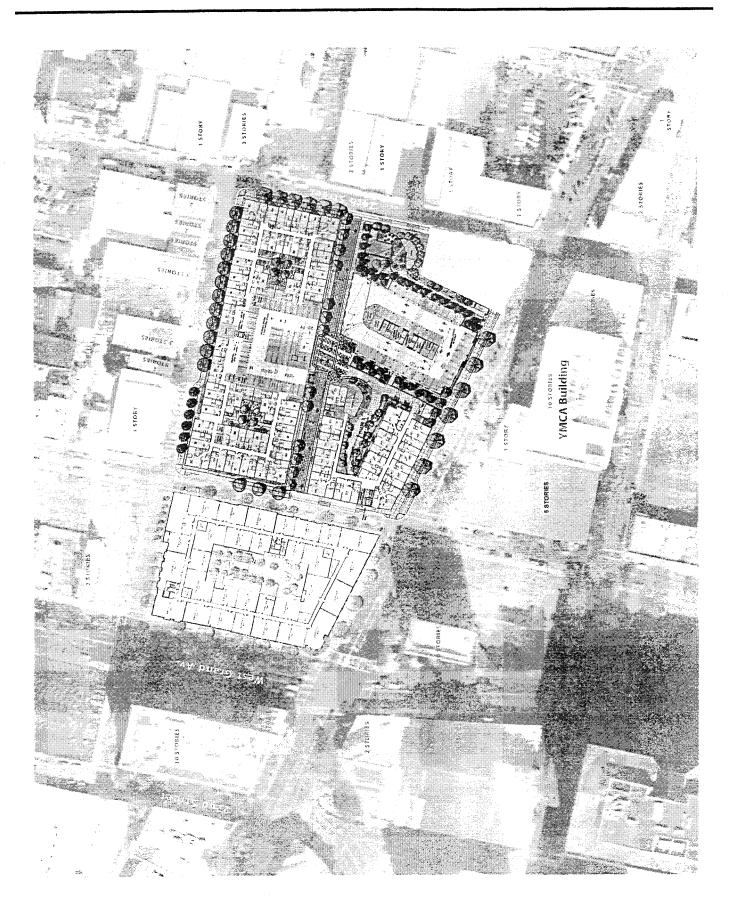


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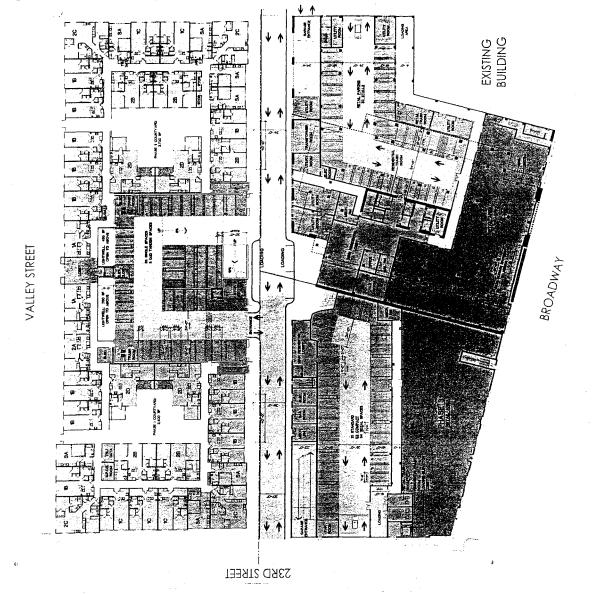
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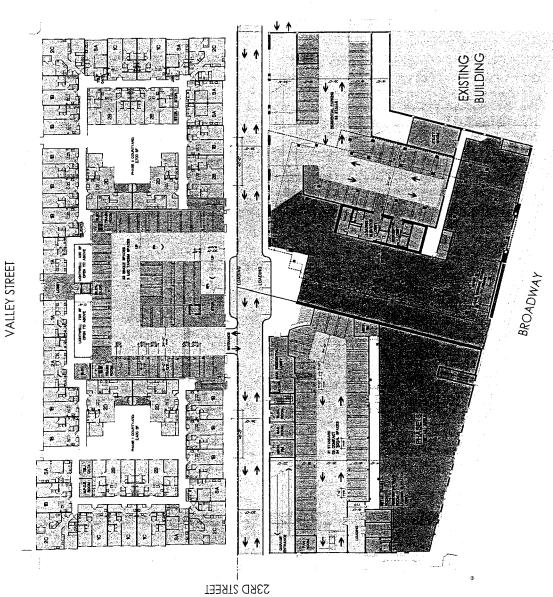




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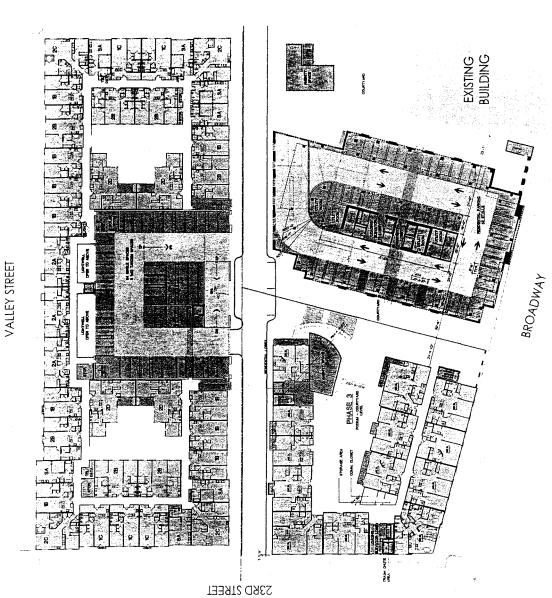






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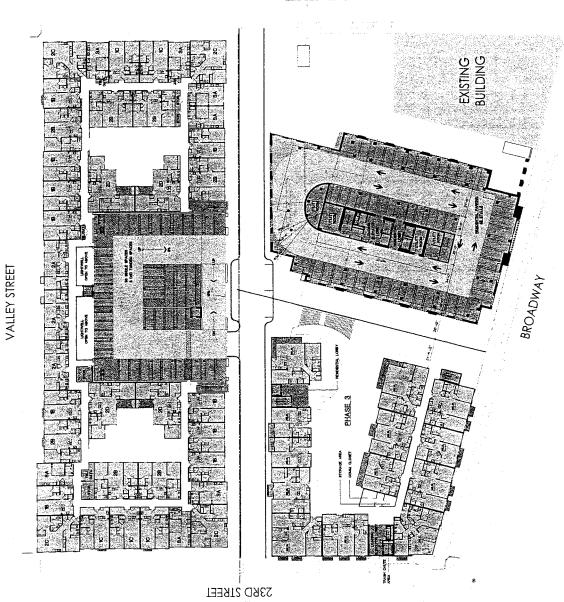


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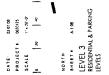




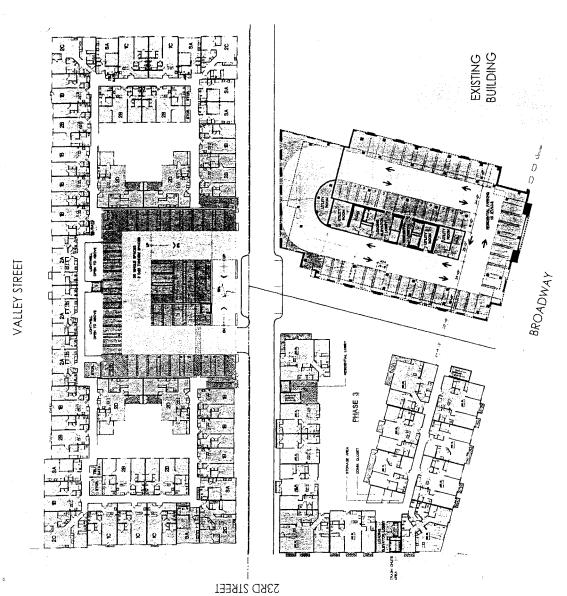


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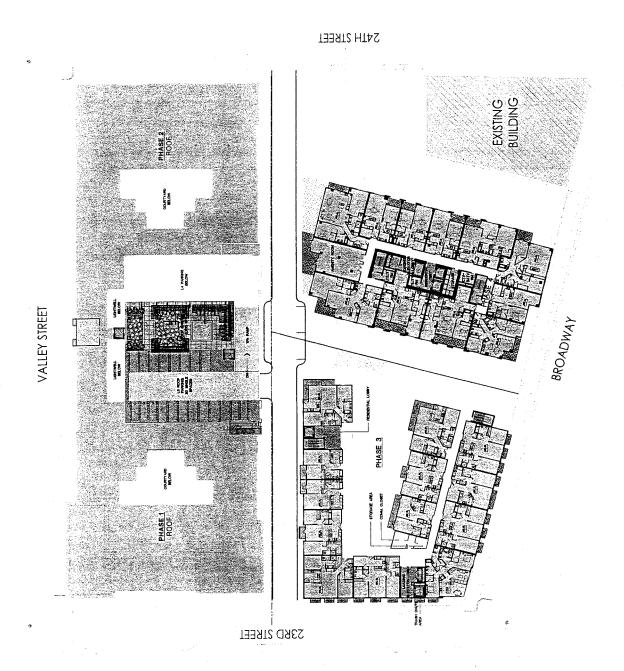






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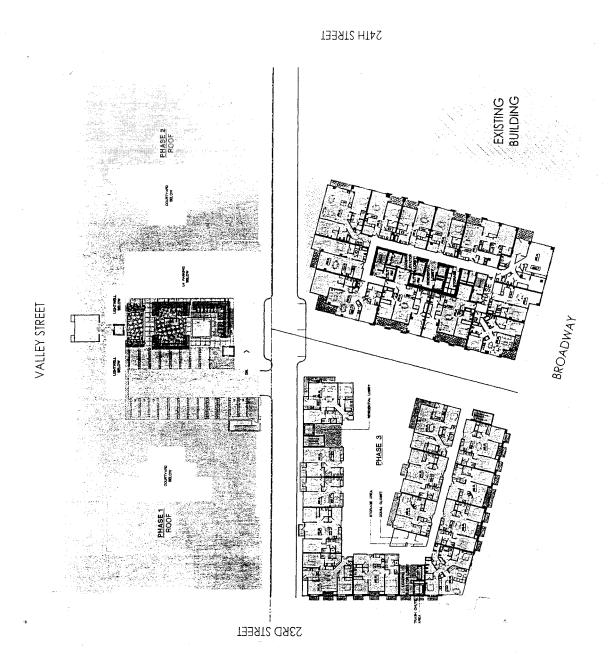




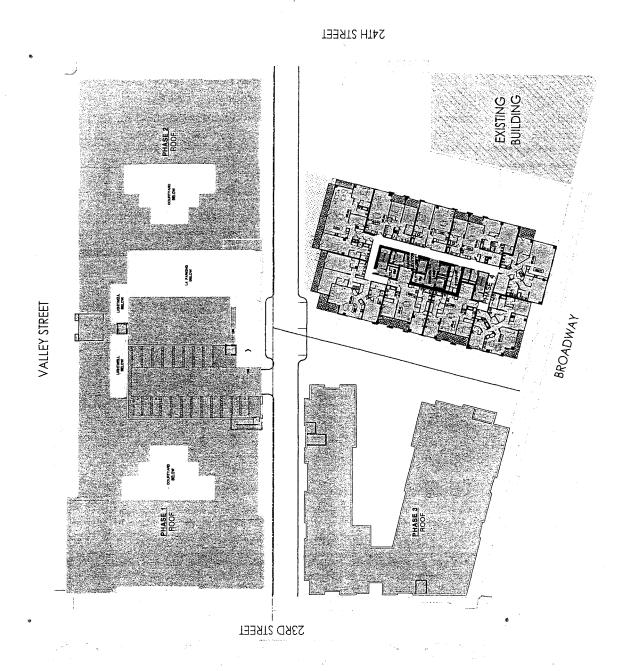




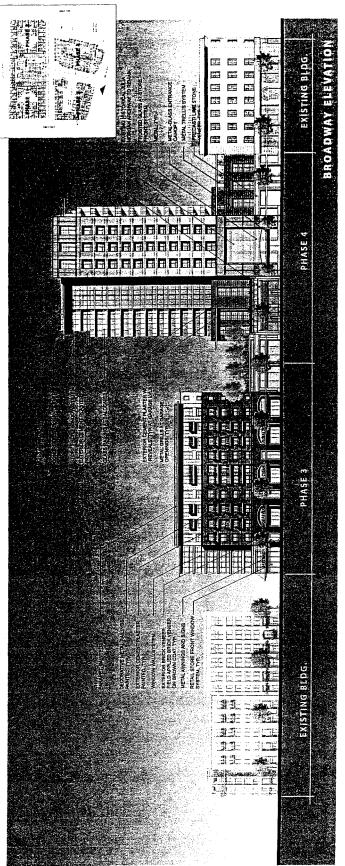


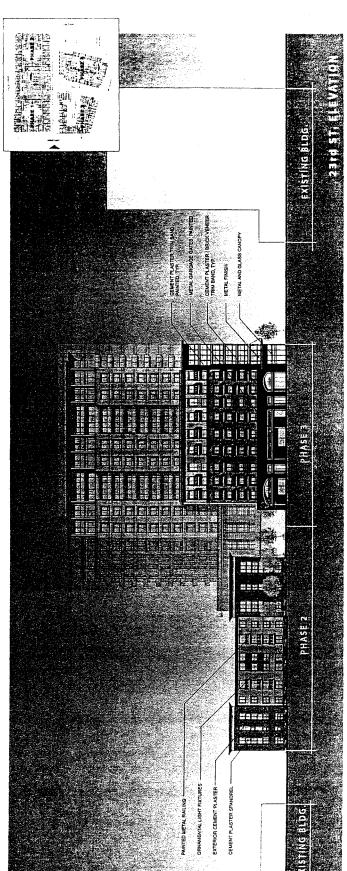








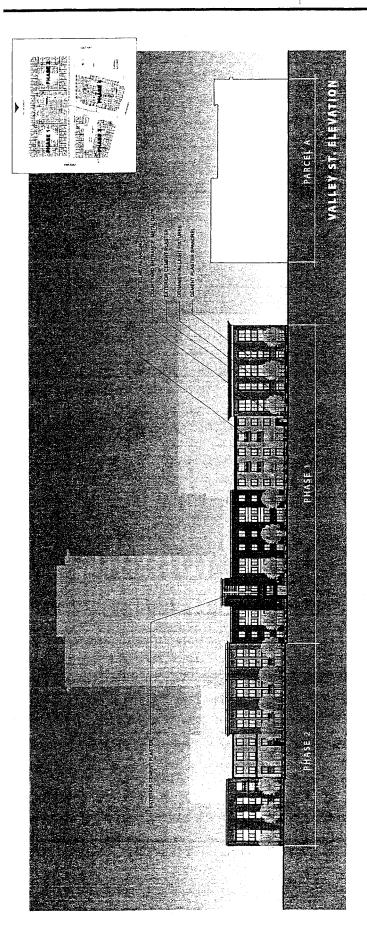


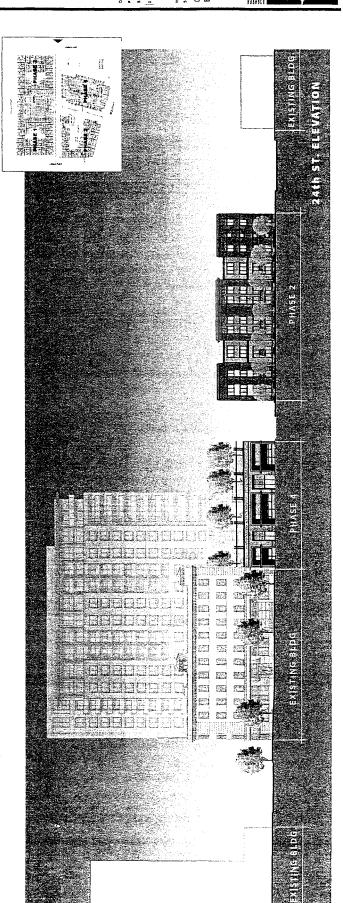








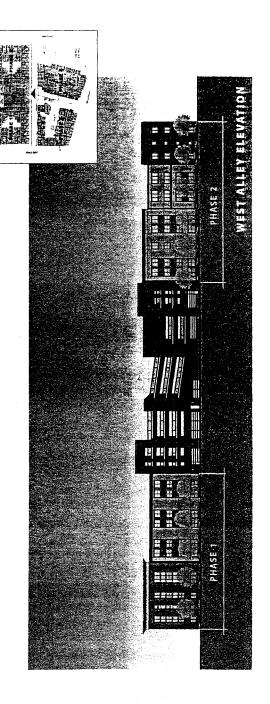




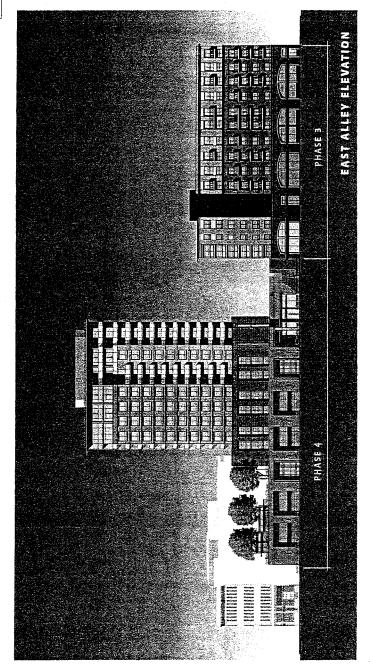








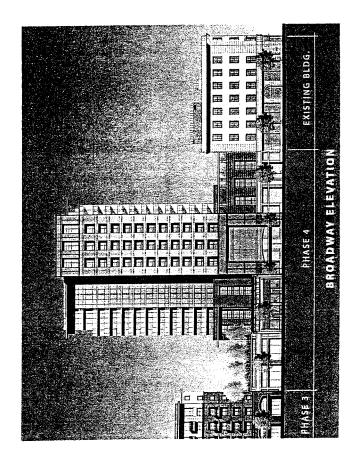


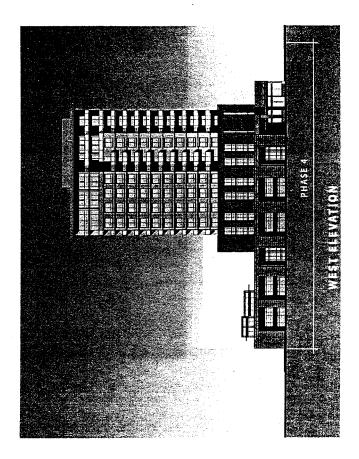


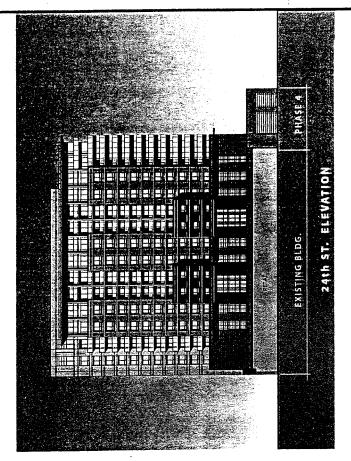


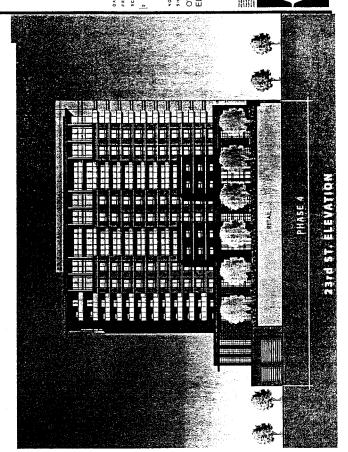








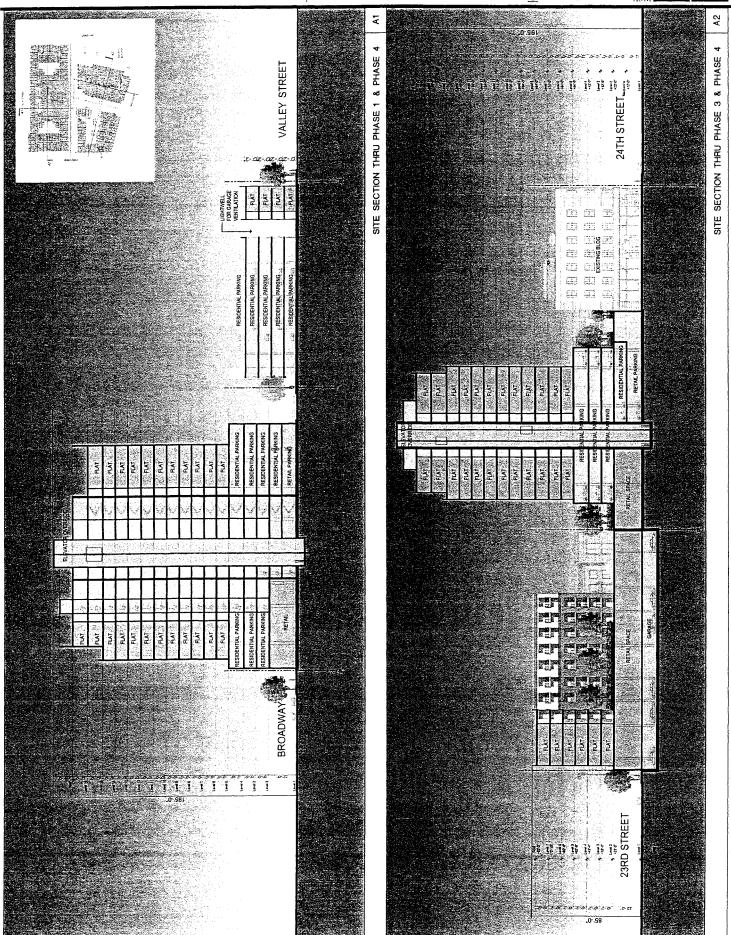






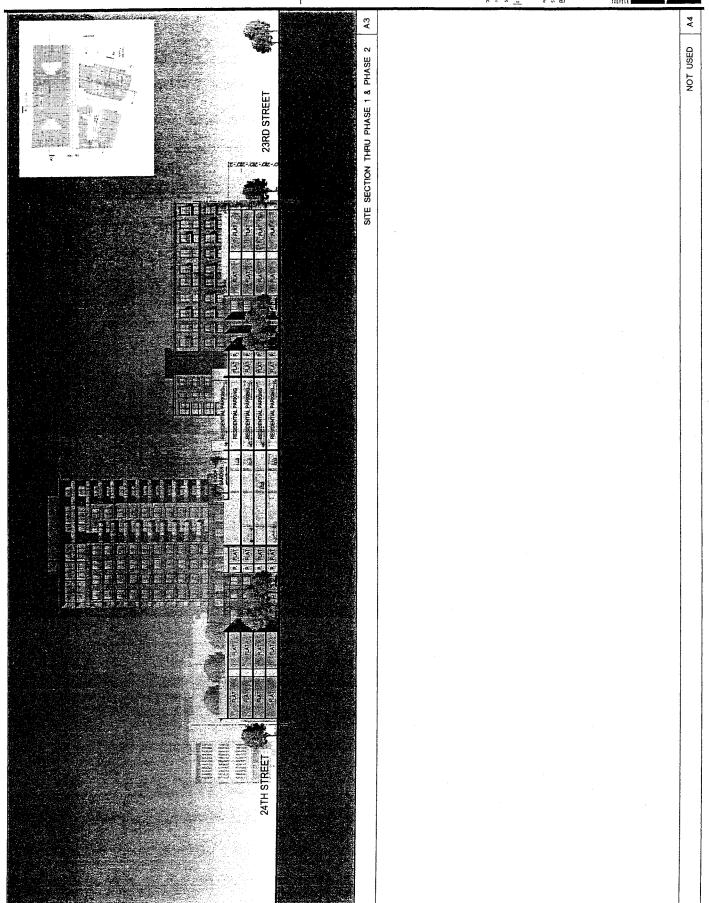






BROADWAY & WEST GRAND





BROADWAY & WEST GRAND





BEODMAY & WEST GRAND

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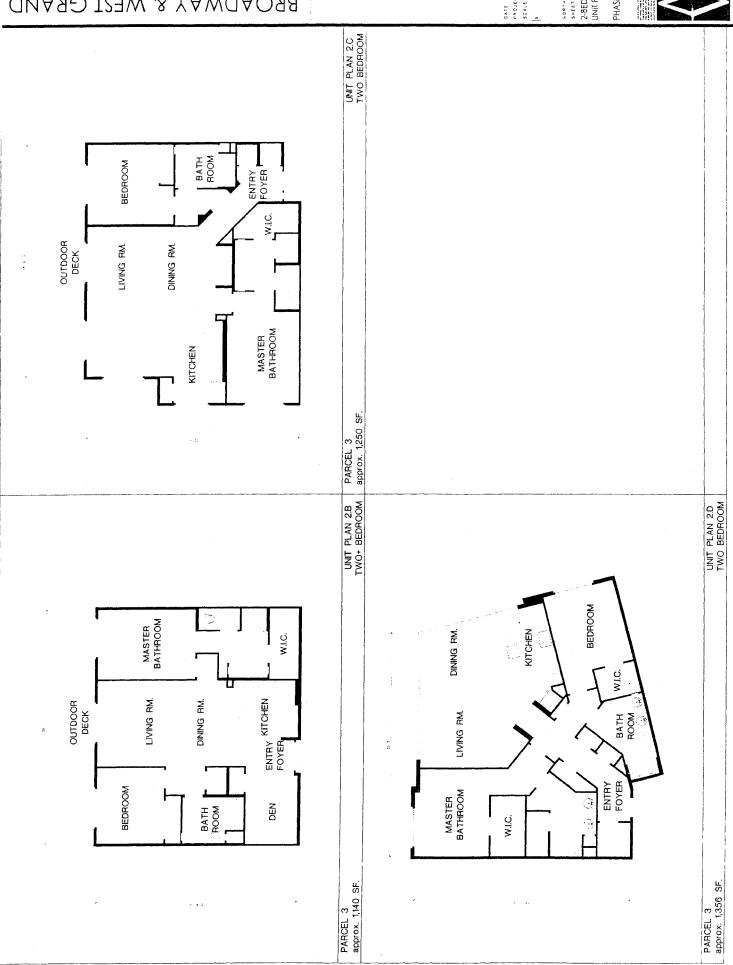
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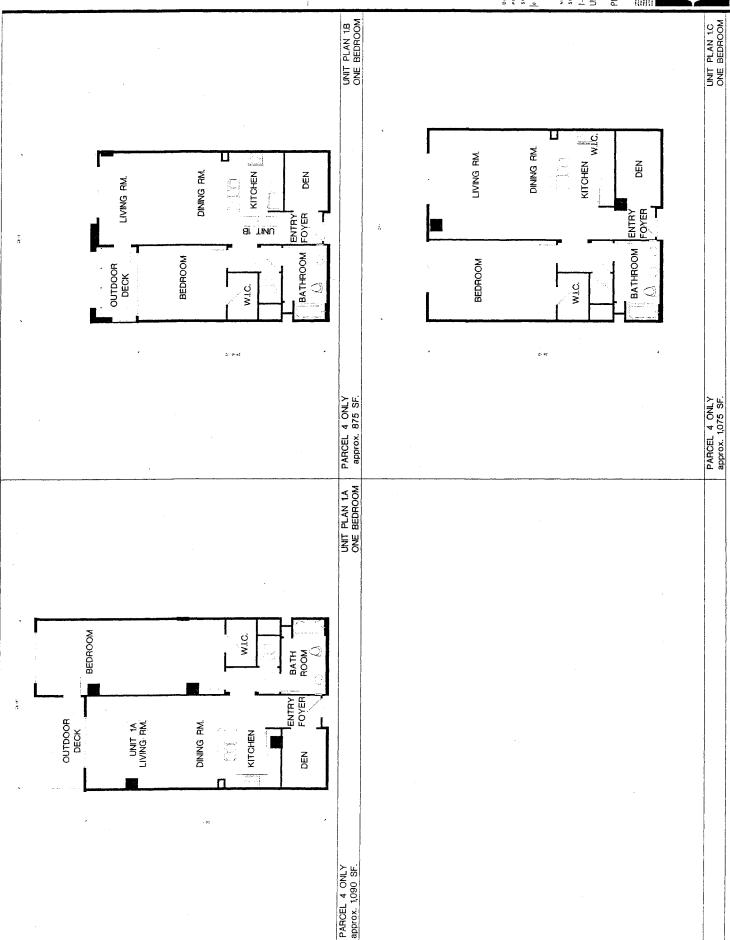
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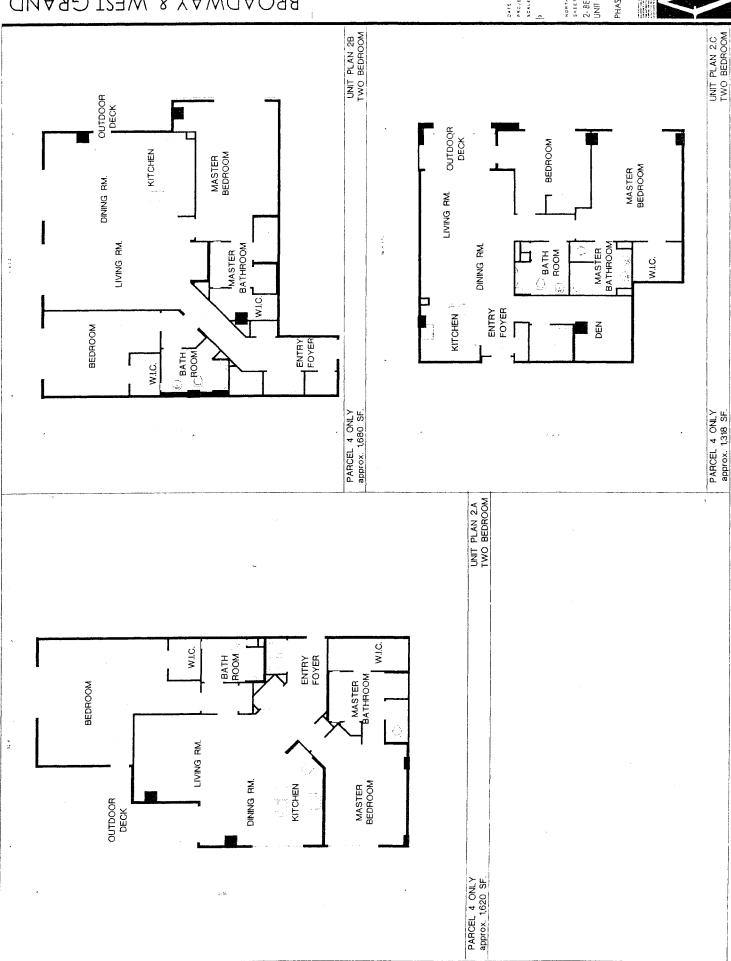




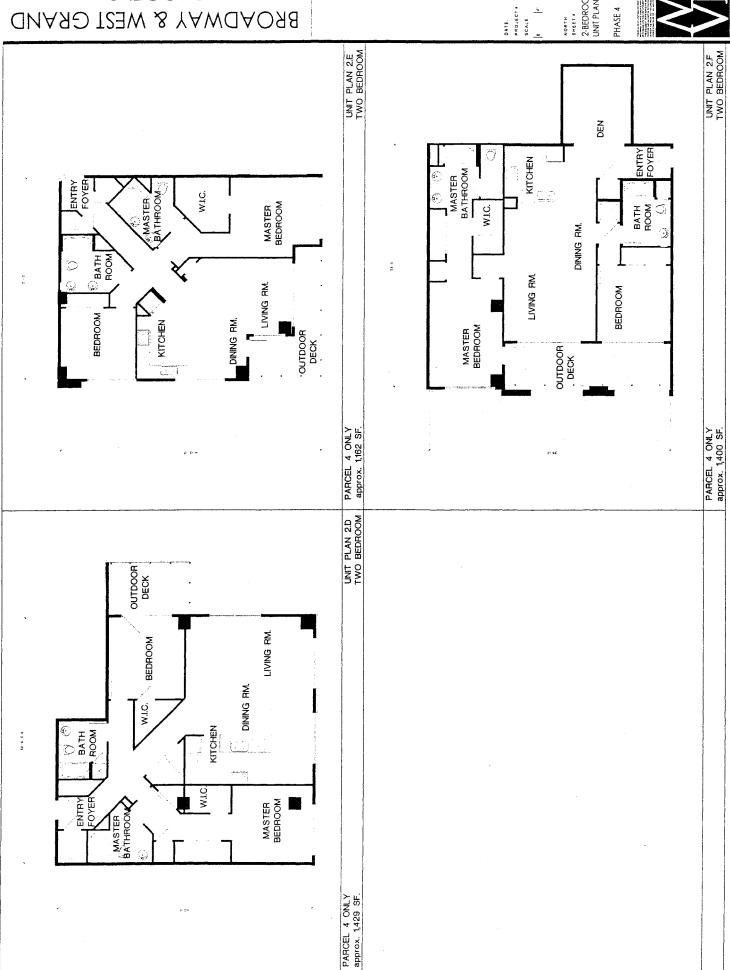


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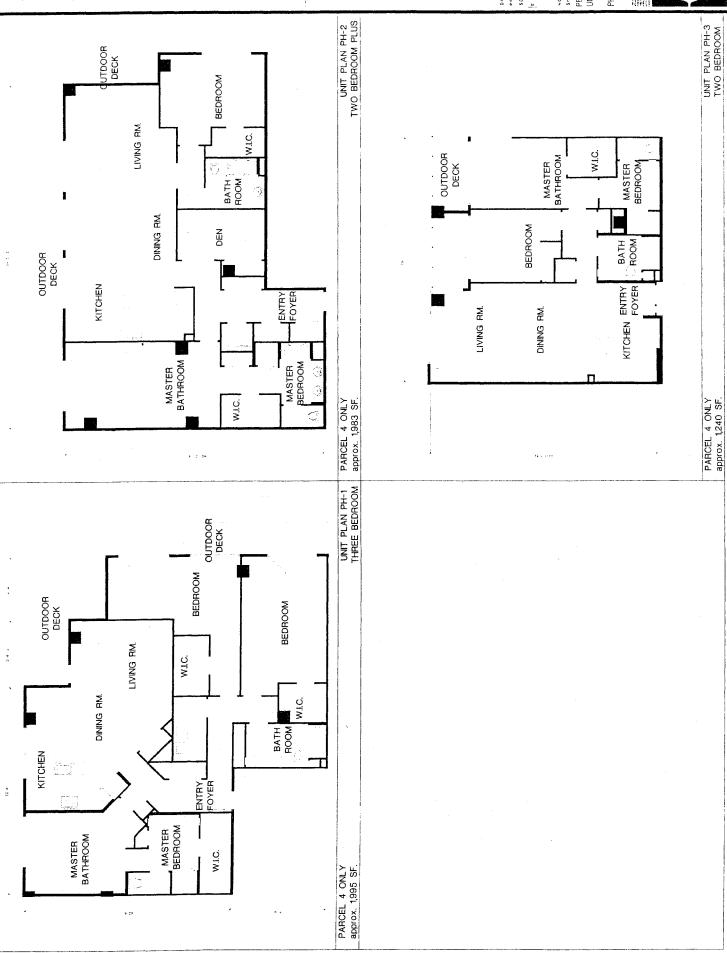
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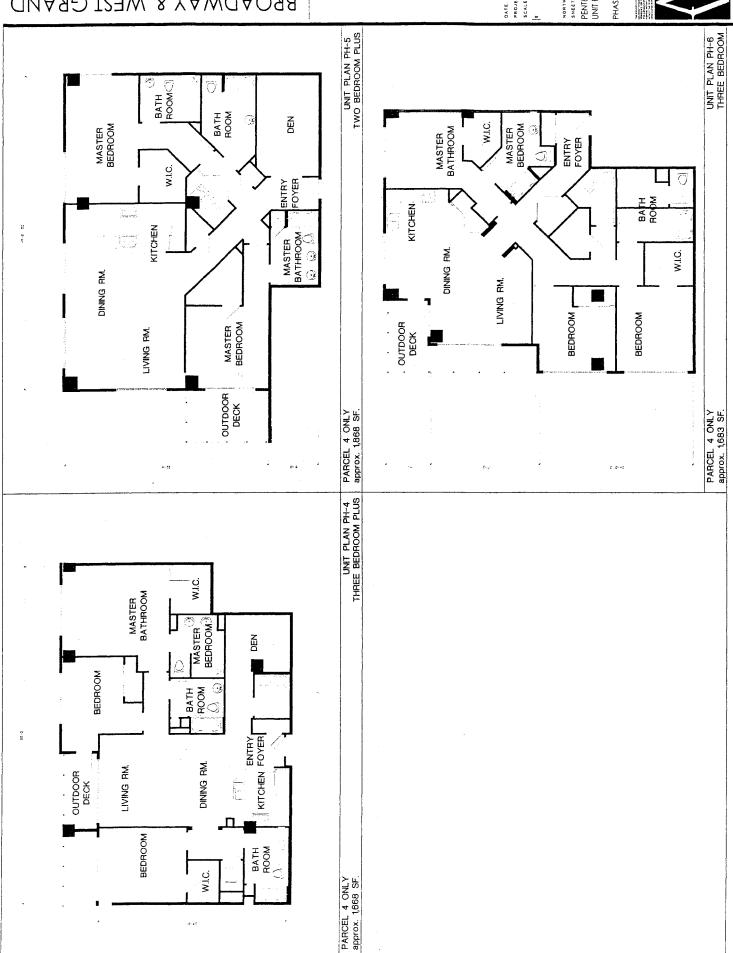








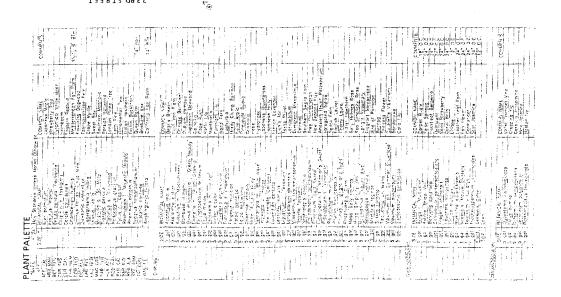


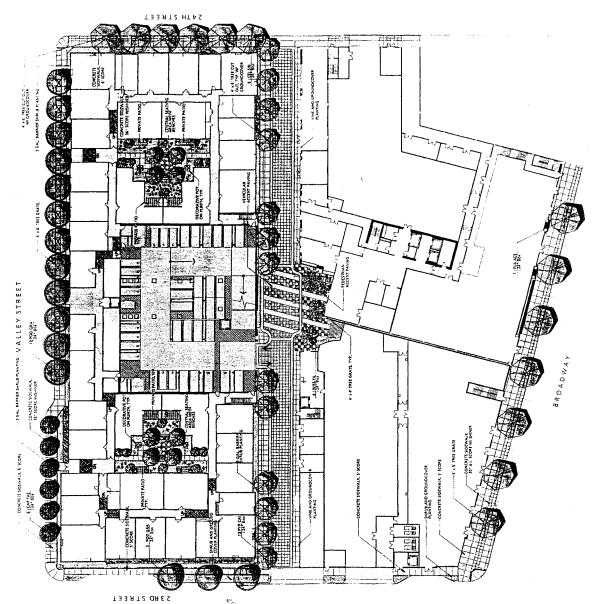


PARCEL B BROADWAY & WEST GRAND DATE. 0 PROJECT# 6 SCALE:

SHEET AJK PENTHOUSE UNIT PLANS

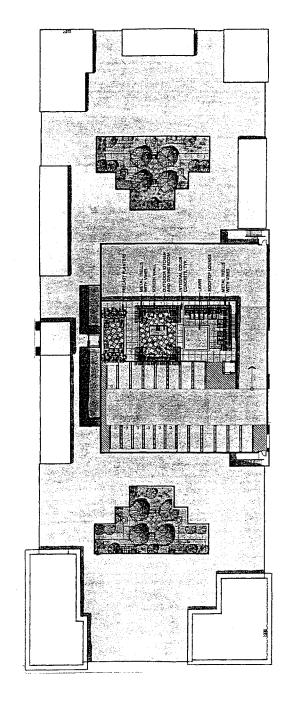
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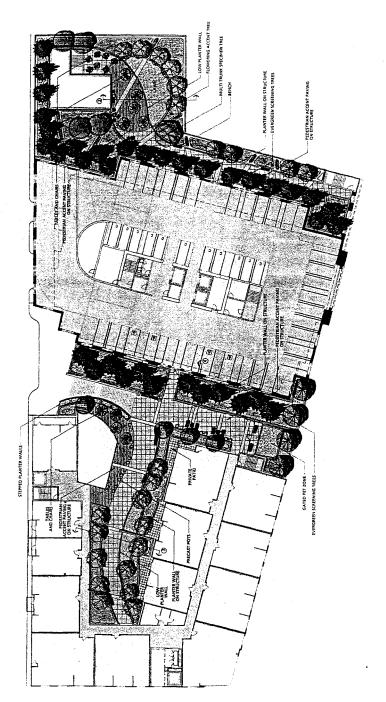


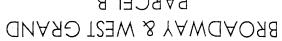






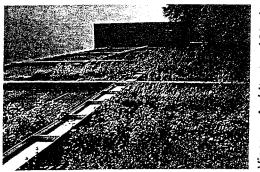


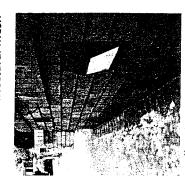












Vines on Architectural Mesh



Podocarpus gracilior



Planter Walls on Structure



Tree Grate

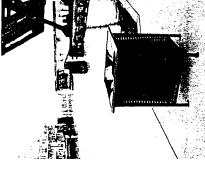


Platanus acerifolia



Tables & Chairs

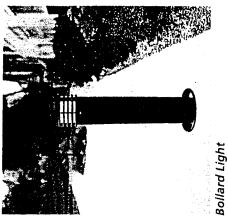
Bench

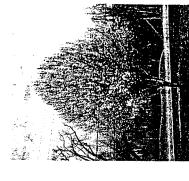


Trash Receptacle



Carpinus fastigiata



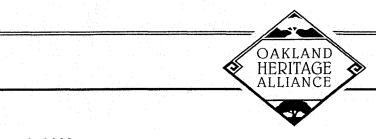


Pyrus calleryana









January 9, 2008

Ms. Catherine Payne, Planner Landmarks Preservation Advisory Board

Re: Parcel B of Broadway/Grand project, Site bounded by Broadway, 23rd Street, Valley Street, and 24th Street, file numbers ER030022, PUD03552, PUDF03553

Dear Ms. Payne and Landmarks Board Members,

We were extremely disappointed to learn that the project proponent for the Broadway/Grand project is trying to back away from an agreement made with Oakland Heritage Alliance to retain the historic brick façade at the Valley Street corner and we consider the financial compensation to be wholly inadequate to the loss it would represent. We strongly object to the removal of this condition.

When this project was originally proposed, Oakland Heritage Alliance attended the public meetings and advocated the retention of at least a small amount of historic material within the Broadway/Grand project. Seven buildings were identified for demolition. In the end, we reluctantly agreed that if the developer would retain the Broadway Julia Morgan facade and the corner presently under discussion, that the project should be approved.

The retention of this facade and the very small, still unrevealed Julia Morgan facade on Broadway, the condition of which is still not known, represent an already-compromised arrangement. What is the purpose of engaging in presentations before the LPAB and Planning Commission and of engaging the community and studying historic buildings, if the net result is a constant erosion of the urban architectural context that provide new developments with a sense of place befitting the long history of our architecturally rich city?

Please require the developer to retain the facade as required by the original conditions.

Sincerely yours,

Valerie K. Garry
President, Oakland Heritage Alliance
(510) 763-9218
wkgarry@sonic.net



December 14, 2007

Via E-mail

Ms. Catherine Payne City of Oakland 250 Frank H. Ogawa Plaza Oakland, CA 94612

Re:

Construction Constraint Memorandum Broadway-Grand (Parcel B) Mixed-Used Project Downtown Oakland, California

Ms. Payne,

In November 2006, the Oakland Planning Commission approved the design of the buildings for Broadway-West Grand (Parcel B) Mixed Use project (PUD# 03552 & PUDF#03553). As you know, the approved design included retention of the red-brick facades on the building located at 440-48 23rd Street, whereby the new residential structure would be built approximately 5 feet behind these facades. The existing building is a one-story masonry structure and is currently used as an auto repair facility.

Signature Properties (Signature) intended to build the approved residential project as a 4-story wood framed structure over a partially submerged podium garage structure. Signature's intent was to deliver affordable market-rate condominiums, which in turn requires that the structure be cost-effective, efficient, and low maintenance. Since the approval date, Signature has conducted constructability and field investigations to test the feasibility of the approved design, especially in regards to the two facades. Unfortunately, these studies have led us to conclude that we would face significant challenges and prevent us from commencing construction on this building. Our conclusions are based upon discussions with our structural engineer, project architect and contractors who would design and build the new project.

Retaining the facades poses a number of difficult challenges. The most significant one is that it will require a change from construction Type V (wood-frame) to construction Type I (concrete); this change would increase the costs by at least \$5,000,000 for this four story building and lengthen the time to construct by at least 4 months. Other challenges created by this design include (a) temporary construction issues; (b) significant efforts to seismically retrofit the deteriorating brick and mortar; and finally (c) burdensome long-term maintenance requirements passed onto future homeowners. Each of these items is discussed below. In the end, the cumulative impacts of these substantial challenges results in our inability to construct a building which is efficient and cost-effective, and hinders our ability to deliver affordable market-rate condominiums within downtown Oakland.

ANALYSIS

As described above, there are four significant challenges posed by incorporating the existing facades into the new building:

1. Change in Construction Type: The inclusion of the masonry walls on two sides of the new structure will require changing the 4-story wood-frame (Type V) structure into a 4-story cast in place concrete (Type I). This is necessary from a structural standpoint in order to support the seismic loads imposed on the new building by the existing two facades. The attached memorandum from our structural engineer describes the infeasibility of using wood frames and the requirement for a concrete structural system.

The cost implications of changing from Type V to Type I structure are significant and increase costs by at least \$5,000,000. The increase in hard costs are due to differences in areas such as (a) wood framing vs. concrete slabs and steel studs; (b) window types and installation costs; (c) systems for exterior skins; and (d) base of subcontractors in areas such as mechanical, electrical and plumbing. The Type I structure would also lengthen the construction schedule by at least 4 months as it takes longer to pour the concrete levels and frame with steel studs, as opposed to wood framing the entire building.

Alternatively, the building could be built with 3 levels of concrete (i.e. garage, 1st and 2nd residential floors) and then wood framing for the remaining levels. However, this would create other inefficiencies and additional costs because it would require additional type of trades, coordination between different trades, design conflicts, stacking issues and other complexities. In the end, it would be more efficient and cost effective to build the entire structure as concrete.

- 2. Temporary Construction Impacts: The inclusion of these two facades would create substantial impacts during the construction of the building in regards to cost and time, beyond those imposed by the new construction type. Signature would be required to hire specialist consultants to thoroughly survey, investigate and analyze the structural integrity of the existing foundation and brick and mortar. At the start of construction, there would be careful, difficult and time-consuming selective demolition of the roof and north and east walls. During construction, there would have to be either (a) temporary stabilization bracing onto the sidewalks for two years; or (b) complete removal and then replacement of the façades after two years. For the foundations, Signature would also be required to incur the risks of underpinning the existing walls with drilled piers or a similar system to allow for the new basement excavation. This required sequence caused by efforts to save the facades will extend the site preparation time and increase costs.
- 3. Rehabilitation of Existing Façade and Foundation: For long-term use, the existing walls and foundation would require extensive repair to bring it to a minimum level of structural integrity. The foundation would require investigation prior to construction in order to design the proper system with respect to the new subterranean garage just behind the façades. For the walls, rehabilitation would require scraping and testing the mortar and bricks, replacing them in necessary spots and then finally strengthening the walls with an 8-inch thick reinforced concrete layer on the inside of the wall. Once this is complete, the facades can then be tied into the new concrete structure (at the first and second levels) which can support the seismic loads. The walls will also require a sealer or waterproof coating to provide adequate weather protection. The most durable selection would be a plaster coating which would cover the bricks and mortar altogether. Alternatively, a clear coating system can be applied, however, these types of coatings have a limited period of effectiveness. All of these efforts are expensive. When combined with the

Ms. Catherine Payne City of Oakland Page 3

other cost and time burdens imposed by the retention of the facades, these costs are unreasonable for this structure.

4. Long Term Maintenance: A Homeowners Association (HOA) will ultimately be responsible for the long-term maintenance and liability associated with the rehabilitated façades. The unusual maintenance requirements for future homeowners include maintaining additional exterior surfaces (4,000 SF), frequent tuck pointing of the mortar joints, and the need to hire specialized crews. The HOA would also pay higher insurance premiums and have greater reserve requirements, given the additional risks of a masonry structure as part of the project. The façades would be rehabilitated to provide for a "Life Safety" level of performance, however, it is likely that a major earthquake in Oakland would cause significant and possibly irreparable damage to the facades. Together, the maintenance, liability, and reserve requirements would drive up homeowner dues and directly undermine Signature's goal of providing affordable market-rate condominiums.

CONCLUSION

The structure at 440-48 23rd Street is a one-story masonry building. By demolishing the majority of the building (roof, foundation and walls), the remaining two walls proposed for retention would be seismically inadequate. Incorporating the existing two facades into the approved project would require Signature to build the new residential structure as a Type I concrete structure in order to provide adequate structural support and seismic performance. The change to Type I would cost significantly more and take longer to build. There are other challenges as well imposed by façade retention, including temporary construction impacts, the effort and expense of rehabilitating of the deteriorating structure, and the burdens imposed on future homeowners for long-term maintenance.

Given these substantial increased construction costs, the lengthened time of construction, the increased construction risks, the impact on the building, the long-term consequences for the future homeowners, and the increased unit sales price, Signature believes that the benefit of keeping the facades would not outweigh these significant burdens. We note that the facade does not qualify as a historical resource. Instead, it is a remnant of a resource that has been approved for demolition. Based on these facts, we respectfully request approval of the alternative design that we have proposed for the Broadway-West Grand (Parcel B) Mixed-Use Project.

Please call me at (925) 463-1122 if you have any questions.

Sincerely,

Project Manager

enclosures

December 10, 2007

(1)

Mr. Doug Park SIGNATURE PROPERTIES 4670 Willow Road Pleasanton, CA 94588

Re: Building Façade

440-48 23rd Street (at Valley)

Oakland, CA

Structural Review and Construction Review

NM Job No. 7198.01

Dear Doug:

It is our understanding that Signature Properties plans to build a new multi-family residential project within the city-block bounded by Valley Street, 23rd Street, 24th Street and Broadway in downtown Oakland. Within the site, there is an existing one-story un-reinforced masonry structure at 440-48 23rd Street and the approved design considers incorporation of two of these facades (west and south walls).

Signature has requested Nishkian Menninger to prepare this memorandum to assess the impacts of retaining these facades into the new building which involves (a) assessing the existing physical features of the building and its structural integrity; and (b) describing the construction types and related structural issues. Our professional opinion is based upon our review of the approved plans for the new residential building as well as a visual walk through of the subject property on October 17, 2007.

PROJECT DESCRIPTION

The proposed new structure at this location will be a residential project consisting of four levels of living units over one level of a partially below-grade garage. The construction type for this project will be Type V wood frame for the four levels of residential above a Type I concrete structure for the parking garage. The proposed new building will be approximately 45 feet in height. The exterior wall system will be wood studs with plywood sheathing and a light-weight finish system of cement plaster, cementious wall-board or similar system.

Mr. Doug Park

Re: 440-48 23rd Street (at Valley), Oakland

December 10, 2007

Page 2

The existing building at 440-48 23rd Street is a one-story structure with no basement. The plan is in the shape of rectangle with the north and south walls approximately 105 feet long and the east and west walls approximately 115 feet long. The walls are approximately 20 feet in height. The roof structure consists of sheathing over wood joists spanning to built-up wood trusses. The building appears to have been marginally maintained. Much of the exterior brick has severely deteriorated mortar joints and will require tuck pointing (see attached photos). The owner apparently has done some minimal seismic retrofit work consisting of anchors from the roof framing and parapet bracing of the exterior un-reinforced masonry walls.

STRUCTURAL REVIEW

The proposed new building will be a load-bearing, wood-frame wall structure utilizing structural wood panels (plywood) for shear walls to form the lateral load resisting system. This is the most cost effective, efficient and best performing structural system for this type of residential building.

It is our understanding that there is consideration to include the two existing unreinforced masonry wall façades along Valley Street and 23rd Street into the subject structure. The existing wall is approximately 17 inches thick and is considered a load bearing structural wall. It is currently not permitted to construct a new structure with un-reinforced masonry walls. It is also currently not permitted to have the lateral loads from a masonry or concrete wall resisted by wood shear panels in a four-story structure. The vertical elements of the lateral load resisting system required to support this masonry wall must either be reinforced concrete, reinforced masonry or structural steel. Therefore the proposed new structure for this site would need to be revised to a cast-in-place reinforced concrete or structural steel structure at least up to the 2nd residential level. This change in the type of structure will significantly increase the cost of the project as well as impact the design of the floor plans for the residential units on these levels.

CONCLUSIONS

Retention of the URM facades into the new residential structure will create (a) a significant impact/change to the construction type (from Type V to I), structural system and design; and (b) substantially increase time and costs for the proposed new residential structure. The existing structure has been identified as an un-reinforced

Mr. Doug Park

Re: 440-48 23rd Street (at Valley), Oakland

December 10, 2007

Page 3

masonry building, which has been designated by the State of California and the City of Oakland as a hazardous building type. The inherent poor performance of the UMB wall will require additional strengthening for a building that will not provide a level of seismic performance equivalent to new construction.

Please contact our office at your earliest convenience with any comments or questions.

Very truly yours,

NISHKIAN MENNINGER

Kevin L. Menninger, S.E.

Vice President

KLM:cp

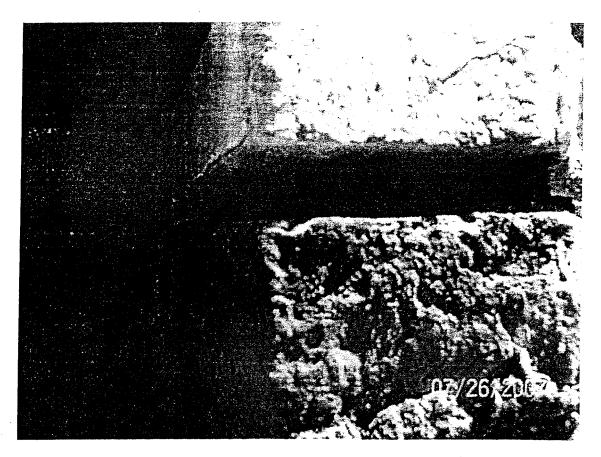
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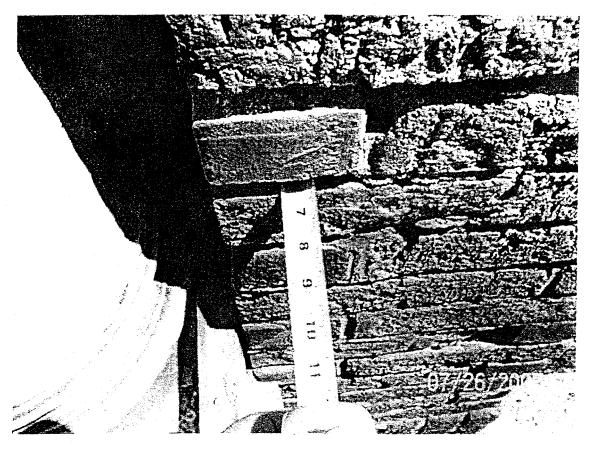
EXISTING EAST WALL



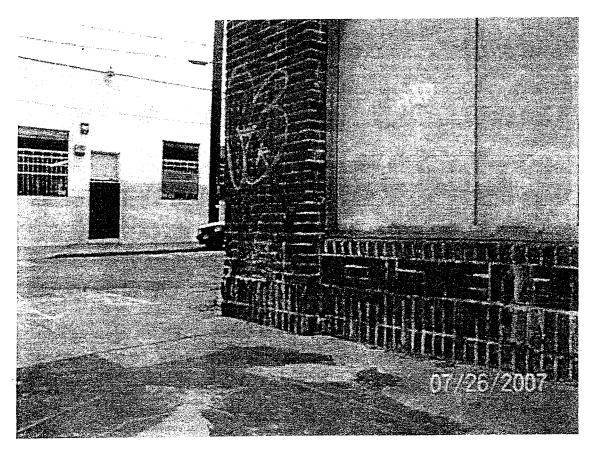
EXISTING WEST WALL



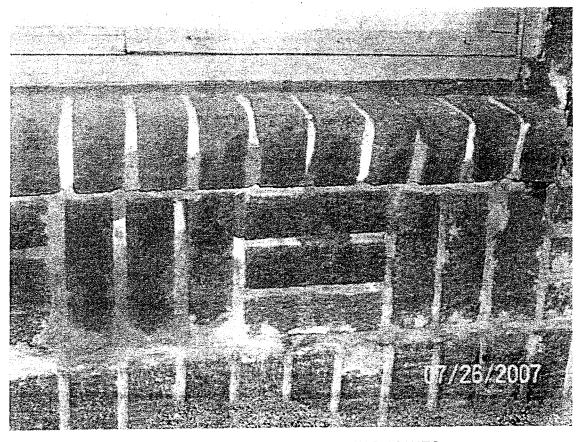
DETAIL - POOR QUALITY MORTAR JOINTS



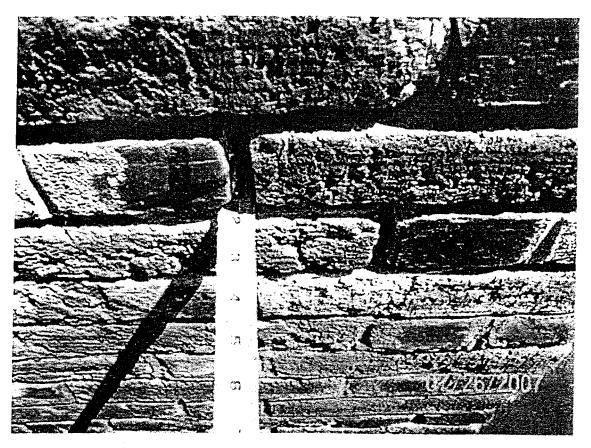
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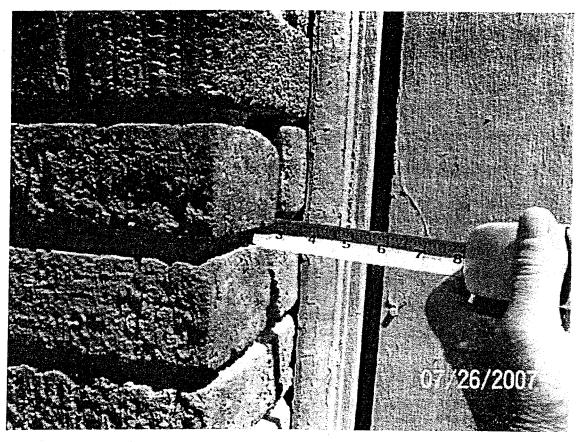
DETAIL - EXISTING DAMAGE



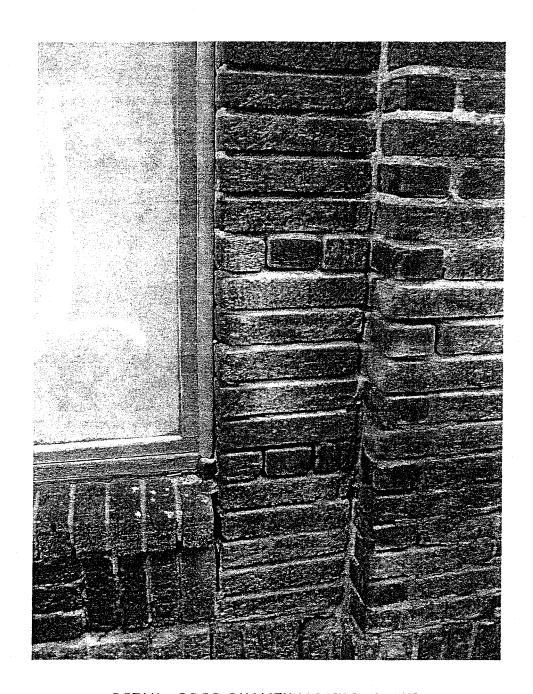
DETAIL - POOR QUALITY MOTAR JOINTS



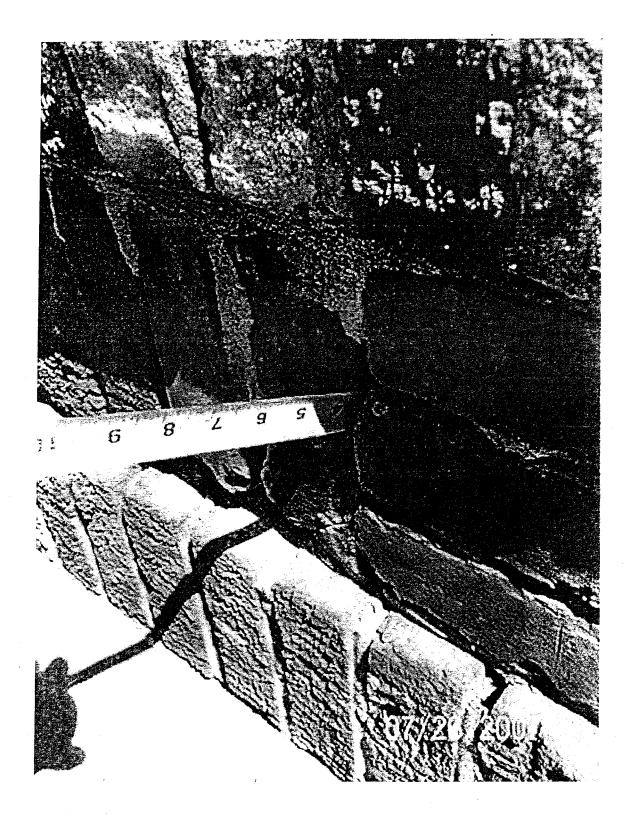
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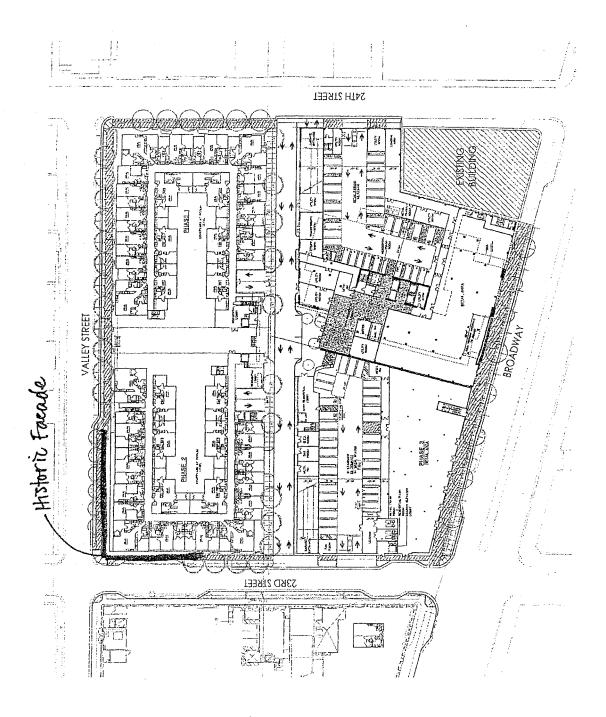
DETAIL - POOR QUALITY MORTAR JOINTS



DETAIL - POOR QUALITY MORTAR JOINTS



DETAIL - EXISTING DAMAGE



PARCEL B OAKIAND, CALIFORNIA

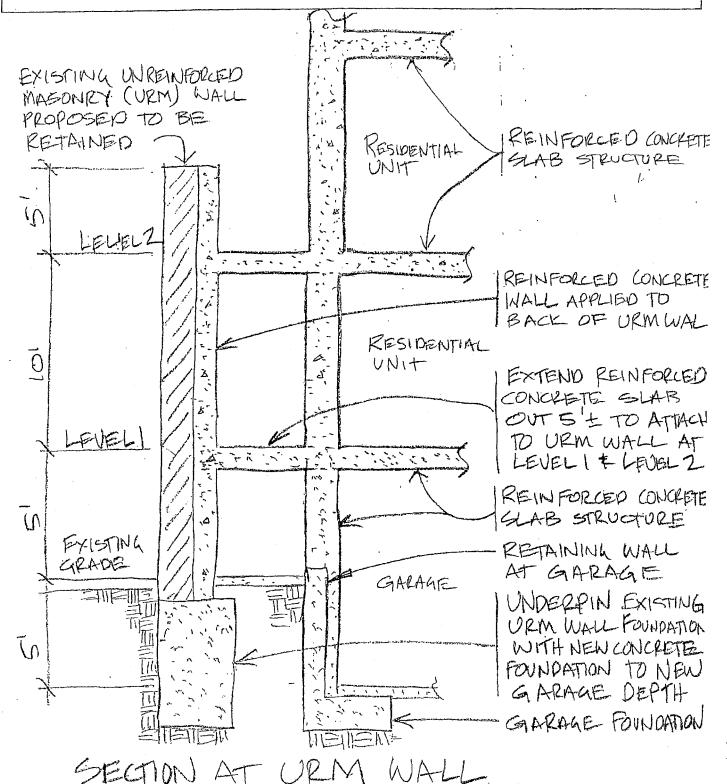




NISHKIAN MENNINGER 1200 Folsom Street, San Francisco, CA 94103

Tel: (415) 541-9477 Fax: (415) 543-5071

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LEVON H. NISHKIAN - PRINCIPAL-IN-CHARGE

Levon Nishkian is a principle with over 30 years of experience in structural engineering. He holds professional licenses throughout the West and belongs to several professional engineering organizations throughout the state. Some of his recent seismic rehabilitation projects include:

EDUCATION

University of Arizona 1974, Bachelor of Science

ENGINEERING LICENSES

California
Jdaho
Montana
Oregon
Colorado
Louisiana
New York
Wyoming

PROFESSIONAL ORGANIZATIONS

International Association for Bridge and Structural Engineering

Structural Engineers Association of Northern California

Properties (Commerce (Control

CONCORDIA/ARGONAUT CLUB, SAN FRANCISCO, CA

Seismic upgrade of existing 4-story, with basement, unreinforced masonry structure, which included gymnasium, natatorium and racquetball courts. Lateral load-resisting system included strengthening of existing walls with shotcrete and installation of steel braced frames.

MASONIC HALL, SAN FRANCISCO, CA

This project consisted of a seismic upgrade of an existing 4-story, with basement, unreinforced masonry structure, which included two large meeting halls above existing retail space. Lateral load-resisting system included strengthening of existing walls with shotcrete and installation of steel braced frames.

OLYMPIC CLUB, SAN FRANCISCO, CA

This was a complete renovation and restoration of the Natatorium Building. Extensive remodeling necessitated the re-framing of the majority of the floor system. In addition to this most recent project, we have worked on the facility at both the Downtown and Lakeside locations for over ten years.

IRWIN MEMORIAL BLOOD BANK, SAN FRANCISCO, CA

Seismic rehabilitation of a two-story, reinforced concrete structure, built in two phases during the 1950's and 1960's. In addition to installing new concrete shear walls, additional second floor space was created over part of the project and the Auditorium was converted into two floors of laboratory space. Total area: 45,000 square feet.

500 HOWARD STREET, SAN FRANCISCO, CA

Seismic upgrade of existing 5-story, with basement, 85,000 square foot concrete frame building. New lateral system included reinforcing existing concrete walls and installation of concrete braced frames.

661 HOWARD STREET, SAN FRANCISCO, CA

Seismic upgrade of existing 2-story, with basement, 18,000 square foot unreinforced masonry wood frame structure.

HILTON HOTEL, SAN FRANCISCO, CA

This project in its entirety encompasses a city block. There are four distinct buildings ranging in height from 42 stories to six stories. Our most recent task was to design a new 22-story guest room tower and a new 30,000 sq. ft. ballroom. This required clear spans in excess of 120 feet. The ballroom spanned two separate structures, which demanded a complete rehabilitation of an existing structure to support loads in excess of 350 pounds per sq. ft. The cost of the project exceeded 230 million dollars and is the largest hotel in California.

FONTANA EAST CORPORATION, SAN FRANCISCO, CA

This project was a detailed seismic analysis for upgrade of 18-story reinforced concrete building.

1020 UNION STREET, SAN FRANCISCO, CA

Seismic upgrade; installed footings and posts, post anchors, holddown bolts, plywood shear walls; patched cracked stucco and concrete slabs.

GOLDEN GATE PRODUCE TERMINAL, SOUTH SAN FRANCISCO, CA

Repair of structure following October 17; 1989 earthquake; installed ties, beams to concrete walls; installed new wood posts to supplement cracked concrete pilasters.

KEVIN MENNINGER - CHIEF ENGINEER

Kevin Menninger has over 20 years of experience in structural engineering. He holds professional licenses throughout the West and belongs to several professional engineering organizations throughout the state. Some of his recent seismic rehabilitation projects include:

EDUCATION: California Polytechnic University, 1981 Bachelor of Science, Architectural Engineering ENGINEERING LICENSES California Arizona Hawaii Billnois Montana Nevada Washington PROFESSIONAL ORGANIZATIONS Structural Engineers Associated and Northern California

532 SUTTER STREET, SAN FRANCISCO, CA

Complete renovation of two existing stories (with basement) of an un-reinforced masonry and wood frame building. The renovation will include new lateral load-resisting elements, removal of portions of the existing second floor and roof and new mezzanine areas above the ground floor and second floor. The total square footage of the completed project was an increase to 15,240 square feet from the existing 5,400.

101 Harrison Street, San Francisco, CA

Complete renovation and seismic upgrade of existing three-story, 66,000 square foot un-reinforced masonry structure, including addition of 10,000 square foot of new steel frame construction to create an integral structure.

OLYMPIC CLUB, LAKESIDE, SAN FRANCISCO, CA

Complete renovation and seismic upgrade of existing four-story, wood frame over cast-in-place concrete structure. Project included removal of existing columns and installation of new lateral load-resisting elements, as well as strengthening of existing structure.

ON LOK/LARKIN HOUSE, SAN FRANCISCO, CA

Seismic rehabilitation and renovation of four-story, 67,000 square foot, concrete and steel-frame structure. Added area totaled 6000 square feet. Installed new concrete shear walls for lateral load-resisting system, as well as rehabilitating existing terra cotta veneer system.

753-777 DAVIS STREET, SAN FRANCISCO, CA

Complete seismic rehabilitation of existing two-story, un-reinforced masonry building, utilizing scheme that allowed tenants to remain in building.

546 HOWARD STREET, SAN FRANCISCO, CA

Seismic upgrade of existing one-story, with basement, 7,000 square foot unreinforced masonry structure.

BECTON-DICKINSON, SAN JOSE, CA

Renovation and addition to a facility for new laboratory manufacturing and office use. Addition totaled 60,000 square feet, including new mezzanine, in seismically upgraded warehouse space for laboratory use. Steel frame structure with concrete fill over metal deck at the elevated floor level.

IRWIN MEMORIAL BLOOD BANK, SAN FRANCISCO, CA

Seismic rehabilitation of a two-story reinforced structure built in the 1950's and 1960's in two phases; additional second floor and conversion of auditorium into two levels of laboratory space.

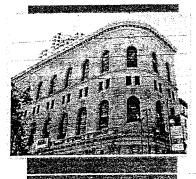
345 FOURTH STREET, SAN FRANCISCO, CA

Seismic upgrade, un-reinforced masonry building, installed steel braced frames.

HOTEL CAMELOT, SAN FRANCISCO, CA

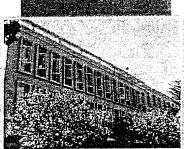
Seismic rehabilitation of six story un-reinforced masonry building; installed new lateral system using steel braced frames.





ONE POWELL STREET San Francisco, Ca

Project Scope: A historical renovation and seismic upgrade of an existing seven-story structure. Horizontal and vertical additions were made to the structure, as well as the expansion of the existing mezzanine, new escalators and stairs and major modifications at the basement level.



COWELL HALL University of San Francisco, Ca

Project Scope: The addition to and renovation of this existing four-story academic building includes enclosing approximately 5000 square feet of an existing fourth level terrace and renovation of various components.



CONCORDIA/ARGONAUT CLUB San Francisco, Ca

Project Scope: Seismic upgrade of existing 4-story, with basement, unreinforced masonry structure, which included gymnasium, natatorium, and racquetball courts. Lateral load-resisting system included strengthening of existing walls with shotcrete and installation of steel braced frames.



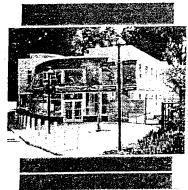
753 - 777 DAVIS STREET San Francisco, Ca

Project Scope: Complete seismic rehabilitation of an existing two-story, un-reinforced masonry building, utilizing scheme, which allowed tenants to remain in the building. Area: 27,000 S.F.



101 HARRISON STREET San Francisco, CA

Complete renovation and seismic upgrade of existing three-story, 66,000 square foot, un-reinforced masonry structure, including addition of 10,000 square foot of new steel frame construction to create an integral structure.



BRANDEIS HILLEL DAY SCHOOL San Francisco, CA

This phased project consists of a new two-story Library Wing, Arcade reconstruction, retaining walls, ramps and stairs, as well as changes in the existing classroom building.



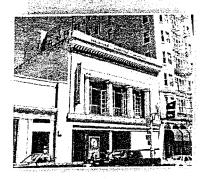
ON LOK: / LARKIN HOUSE San Francisco, Ca

Seismic rehabilitation and renovation of a four-story, 67,000 square foot, concrete and steel-frame structure. Added area totaled 6,000 square feet. Installed new concrete shear walls for lateral load-resisting system, as well as rehabilitating existing terra cotta veneer system. Total area: 67,000 square feet.



MASONIC HALL San Francisco, Ca

Seismic upgrade of existing four-story, with basement, unreinforced masonry structure, which included two large meeting halls above existing retail space. Lateral load-resisting system included strengthening of exiting walls with shotcrete and installation of steel braced frames.



532 SUTTER STREET San Francisco, Ca

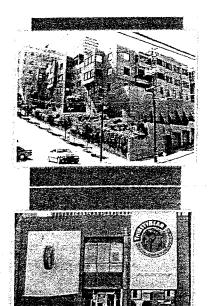
Complete renovation of two existing stories (with basement) of an un-reinforced masonry and wood frame building. The renovation included new lateral load-resisting elements, removal of portions of the existing second floor and roof and new mezzanine areas above the ground floor and second floor. The total square footage of the completed project will be an increase of 15,240 square feet from the existing 5,400.



IRWIN MEMORIAL BLOOD BANK San Francisco, Ca

Seismic rehabilitation of a two-story, reinforce concrete structure, built in two places during the 1950's and 1960's. In addition to installing new concrete shear walls, additional second floor space was created over part of the project and the auditorium was converted into two floors of laboratory space. Total area: 45,000 square feet.

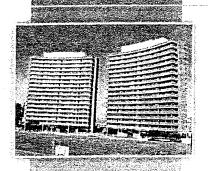




1020 UNION STREET San Francisco, Ca

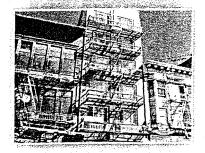
Seismic upgrade; installed footings and posts, post anchors, hold-down boits, plywood shear walls; patched cracked stucco and concrete slabs. Area: 36,000 S.F.

661 HOWARD STREET San Francisco, Ca Seismic upgrade of existing 2-story, with basement, 18,000 square foot unreinforced masonry wood frame structure.



FONTANA EAST CORPORATION San Francisco, Ca

This project was detailed seismic analysis for upgrade of 18-story reinforced concrete building



HOTEL CAMELOT San Francisco, Ca

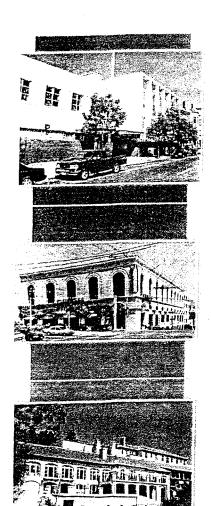
Seismic rehabilitation of six-story un-reinforced building; installed new lateral system using steel braced frames.



PACIFIC UNION CLUB San Francisco, CA

This private men's club is one of the oldest in San Francisco. Work done has included landscaping and various interior alterations and upgrading.





COLUMBIA PARK BOYS & GIRLS CLUB, CLUB ONE FITNESS CLUBS, CITICORP CENTER, EMBARCADERO CENTER

San Francisco, CA

These projects included remodel and renovation of existing facilities for new fitness clubs, including aerobics areas, exercise equipment and full service locker rooms.

24-HOUR NAUTILUS San Francisco, CA

This project consisted of seismic upgrade of existing structure; removal and installation of a new automobile ramp to the roof; revision of Lobby, modification to retaining walls and additional new floor space - complete interior redesign for spa and other Nautilus equipment. Total space is 40,000 square feet.

ORINDA COUNTRY CLUB Orinda, CA

This project was a complete renovation of the existing 27,000 square foot Club House, including new roof structures, decks and basement areas, new elevators, new stairs and a seismic upgrade of the entire building.