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**REDEVELOPMENT AGENCY AND
THE CITY OF OAKLAND**
AGENDA REPORT

To: Office of the City/Agency Administrator
Attn: Deborah Edgerly
From: Community and Economic Development Agency
Date: December 18, 2007
RE: **A Supplemental Report and Recommendations Regarding
Funding an Upper Broadway Specific Plan and an Accompanying
Environmental Impact Report and Parking Study for the Upper
Broadway Retail Development Strategy**

SUMMARY

At its September 25, 2007 and November 27, 2007 meetings, the Community and Economic Development Committee expressed its support for Conley Consulting Group's Alternative 1: Urban Mixed Use with Major Ground-Level Retail Along the Major Arterials and the overall proposed interim zoning changes, and requested funding information for the proposed Upper Broadway Specific Plan, EIR and Parking Study ("Specific Plan").

This Supplemental Report addresses Committee's request for additional information regarding funding for the proposed Upper Broadway Specific Plan. Planning staff is also forwarding a Supplemental Report covering a proposed ordinance establishing interim zoning controls. Oakland Planning Commissioners have also expressed support for Alternative 1, and the proposed interim zoning controls and the Upper Broadway Specific Plan.

FISCAL IMPACT

If the City were to implement the preliminary recommendations, there would be an initial major cost of funds for preparation of a Specific Plan of up to \$1.5 million. These costs could be recovered over time by the redevelopment project areas with the projected developer impact fees and property tax revenue increase. Sufficient funds for the Specific Plan, estimated at \$1.5 million, are available in the Broadway/MacArthur/San Pablo (BMSP) and Central District Redevelopment Areas and are expected to be available as a result of land sale proceeds in January 2008. By measuring the linear feet along Broadway between 21st Street and Interstate 580, Planning staff determined that 52% of the Upper Broadway area is in the BMSP Redevelopment Area and 48% is in the Central District Redevelopment Area.

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In addition to Redevelopment Agency funds, staff is pursuing grants which could fund parts of the Specific Plan. If received, staff would return to the Committee for allocation of such funds when awarded. One such grant would provide \$15,000 cash plus in-kind services from the American Institute of Architects for facilitating public dialog in conjunction with development of the Specific Plan.

BACKGROUND

Incentives

Conley Consulting Group has stated that in order to achieve a successful shopping place as described in its *Upper Broadway Strategy Alternative 1: Urban Mixed Use with Major Ground-Level Retail Along the Major Arterials* concept, the City must offer a significant incentive to developers. Typically for a redevelopment project such as this, a redevelopment agency would directly acquire a number of real estate parcels and sell them directly to developers. In this case, the Broadway/MacArthur/San Pablo and Central District Redevelopment Project Areas have insufficient funds to conduct land acquisition for this project since the required land acquisition is estimated at \$191.5 million (including acquisition cost, hazmat remediation, demolition, relocation, 10% contingency).

An alternative incentive—which developers agree is worthy—is for the City to create a Specific Plan for the Upper Broadway area. Specific plans have been used elsewhere to proactively lay out a city's vision for an area and how to achieve the vision. Furthermore, being a comprehensive guidebook which addresses a number of planning, zoning and environmental issues upfront and sets the required fees and mitigations in advance, the specific plan provides a significant amount of certainty for developers. Developers have told Conley this is a valuable tool to them.

Retail Gaps

Conley has identified two major gaps in Oakland's consumer retail sales tax trends: comparison and convenience goods. Convenience goods—grocery and drug store purchases primarily—are typically done near a consumer's home and in the case of Oakland, are done mostly in neighborhood commercial districts. Conley is looking at ways to enhance and modestly grow 52 retail business nodes, most of which are convenience-based.

Comparison goods, on the other hand, usually serve a regional trade area. In the case of Conley's Upper Broadway work, the trade area consists of much of Oakland and some neighboring areas, specifically extending from central Berkeley to Oakland's southern boundary, and from Alameda County's eastern border in the hills to the bay. Oakland can likely support one or a small number of the kind of comparison goods shopping

places Conley and staff envision for Upper Broadway. Thus, Upper Broadway ought to be seen as a regional shopping place for the whole city and beyond.

A key assumption is that many or all of the auto dealers currently located on Broadway Auto Row will relocate to the former Oakland Army Base. Meanwhile owners of three properties in Conley's Zone 1 are marketing or have marketed their properties for sale in recent years. These three sites represent 8.4 acres, nearly the 10 acres needed for a regional comparison goods shopping place. Given the size of Upper Broadway and the number of property owners, Conley and staff envision that the retail development would occur in phases and be accomplished by multiple retail developers. A number of retail developers have looked at this area and made offers on properties.

KEY ISSUES AND IMPACTS

The Broadway/Auto Row area comprises over one-third of the total area of the Broadway/MacArthur/San Pablo Redevelopment Project Area. Project Area Committee (PAC) members have identified the Auto Row/Upper Broadway as a key area of focus and are concerned about the future of Broadway Auto Row and see it as a critical part of the redevelopment effort in this area. The PAC was notified by staff at their November 1, 2007 meeting about the possibility they would be asked to pay for a portion of the Specific Plan and EIR of up to \$800,000. Members of the PAC did not raise any objections at the meeting. The next PAC meeting is scheduled for January 10, 2008, which will not allow the PAC to take formal action until after the December 18, 2007 Council hearing.

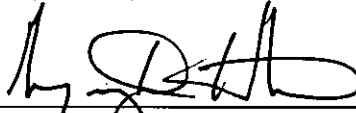
RECOMMENDATION AND RATIONALE

Staff requests the City Council receive this supplemental report.

**ACTION REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT
AGENCY**

1. Accept the Report and Staff's Recommendation to Pursue Consultant's Alternative 1: Urban Mixed Use with Major Ground-Level Retail Along the Major Arterials of Broadway, 27th Street and Valdez Street, with Residential and/or Office Development Above;
2. Authorize Staff to Issue a Request for Proposals for an Upper Broadway Specific Plan and an Accompanying Environmental Impact Report and Parking Study.

Respectfully submitted,

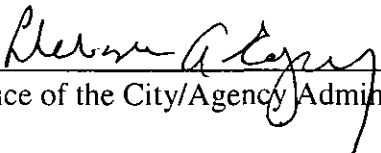


Gregory D. Hunter, Deputy Director
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Economic Development & Redevelopment

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APPROVED FOR FORWARDING TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:


Office of the City/Agency Administrator