

CITY OF OAKLAND

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OFFICE OF THE CITY CLERK
OAKLAND

2005 JUN -2 PM 7:20

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Community & Economic Development Agency
DATE: June 14, 2005
RE: INFORMATION REPORT AND REQUEST FOR COUNCIL DIRECTION ON POLICY ISSUES PERTAINING TO THE CONVERSION OF INDUSTRIAL LAND TO OTHER USES AND THE IMPLICATIONS OF SUCH CHANGES FOR THE CITY ON EMPLOYMENT AND HOUSING, PRESERVATION OF LAND AVAILABLE FOR FUTURE INDUSTRIAL USES, WAREHOUSING AND DISTRIBUTION AND OTHER PORT-RELATED ACTIVITIES AND CONSEQUENT ECONOMIC IMPACTS FOR THE CITY.

SUMMARY

The purpose of this report is to provide background information and a framework for the City Council to review current policies and objectives regarding the issue of the uses of industrial lands within the City of Oakland's jurisdiction. There are economic pressures which are influencing the number of development applications for non-industrial uses, including residential development, in industrial areas. As a result, the Planning Commission requested that the comprehensive policy implications of such types of proposals be discussed. The outcome of these discussions will have direct bearing on decisions about the citywide land use policy, including options for land uses at the Oakland Army Base, employment in the industrial sectors and how goods and services move throughout the Bay Area region, as well as future infill housing opportunities in Oakland.

The following five key issues have been formulated for review and discussion:

1. *Should the City continue to support Oakland's existing industrial base in manufacturing, warehousing, transportation, construction and other activities by prohibiting the conversion of industrial lands to other uses including commercial and residential activities?*
2. *Should the City consider meeting target goals of housing production, reflected in the Housing Element of the General Plan, by accommodating some of its overall housing needs within areas currently designated for industrial uses?*
3. *Is it important to continue to protect the general industrial lands? Are there specific areas of such lands that can be considered as a priority for protection through modifications to the Planning Code and revisions of the General Plan maps? Are there specific areas of existing industrial land that are more appropriate for conversion to commercial and residential uses than others? What criteria are appropriate to make*

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decisions on future applications for the conversion of industrial lands to non-industrial uses?

4. *How do other regional demands and Port of Oakland needs influence these considerations?*
5. *Besides land use regulations, what other programs, tools or policies can be applied to preserve an industrial land base and the stability and wage levels of industrial jobs, while accommodating flexibility in regulations to allow for residential development in specific areas?*

Staff recommends that the City Council a) review the information in this report and identify areas for industrial land retention, and b) consider commissioning an economic and planning study on the existing and projected future industrial land use activities within the City of Oakland within Council-identified industrial retention areas, in an amount not to exceed \$50,000, which will help the Council set priorities for the use of the industrial land. This study would require the commitment of CEDA staff support to provide supporting data and mapping, and to assist the consultant in creating an inventory of existing businesses within the identified industrial retention area. In addition to the recommended additional information research provided by staff and possible consultants, the Council policy conclusions on industrial land retention issues will be further informed through the findings of the forthcoming *Oakland Army Base Land Use and Economic Planning Study*, expected in July 2005.

FISCAL IMPACT

As this is an informational report, there are no fiscal impacts. Therefore, no funding is necessary.

BACKGROUND

For much of its developmental period (1900 through the 1950s) Oakland was an industrial center of activity within the East Bay. Oakland's industrial facilities historically supported shipbuilding, agricultural production, food processing, metal fabrication, and construction material supply industries. Despite the relocation of some of Oakland's key players from its industrial legacy, industrial activity continues and strong businesses still elect to relocate to and within Oakland. Recently, Oakland has seen the departure of food businesses including Mi Rancho, Pucci's Seafood and Miller Meats, all long-time Oakland companies, who moved for the most part to other East Bay communities seeking better, cheaper, more secure industrial land. High value food processing and manufacturing companies, such as Niman Ranch and Glacier Bay moved to Oakland from other Bay Area cities seeking secure industrial environments due to Oakland's

industrial amenities and its proximity to regional freeways and access to the Port and Airport. Other Bay Area manufacturers continue to seek space here.

The City's Economic Development staff continues to assist in the relocation of smaller manufacturing businesses from other parts of the Bay Area. The return of small entrepreneurial users indicates a recovering market. This is reflected in the Bay Area Economic Forum's report on California Manufacturing (*See Attachment H for summary: "One Million Jobs at Risk: The Future of Manufacturing in California", Bay Area Economic Forum, March 2005*). According to that report, California still leads the nation in manufacturing jobs. California manufacturers employ over 1.5 million persons, while another 3 million jobs have direct benefits from manufacturing. Nevertheless, California's manufacturing base is at risk due to global outsourcing (components are produced elsewhere but corporate headquarters and assembly remain local) and off-shoring (moving all production overseas). For example, the recent elimination of quotas in textile and apparel production has already resulted in the loss of at least 20 local sewing contractors this year in Oakland- about one-quarter of that industry's presence here.

In other sectors, such as food processing, competition from other states for California-based manufacturing businesses is intense. The regulatory environment, the high costs of worker compensation insurance, and the high cost of urban land in California make it difficult for our manufacturers to keep their source of production in California. However, many industries are likely to want to stay in Oakland, due to the proximity to the Port of Oakland and the Oakland International Airport, the synergy of co-location with material suppliers and other businesses, the presence of a highly educated workforce, and the general quality of life that Oakland offers for employees and residents.

The Bay Area Economic Forum's report concludes that while many heavy industrial activities will be displaced to cheaper land and worker compensation states like Nevada, the very sophisticated, advanced technology arenas, which require skilled labor, will be competitive as remaining industries in California. R&D, engineering and product design, which require such sophistication, will remain and can be attracted to Oakland for its proximity to nationally known education research institutions, favorable land prices relative to San Francisco and the Peninsula, attractive cultural amenities and a growing number of new urban residential units which appeal to professional households. Rising land prices and escalating uncertainty among industrial owners about long term security relative to conflict and competition with residential uses can be a major deterrent to new capital investment for some companies, but favorable factors can still make Oakland competitive for new industries.

Other economic reports (See Attachment B) show that Oakland's industrial sector is still a valuable contributor to the economy fiscally and a good contributor of well paying jobs. The Wood Street Environmental Impact Report (Appendix C, Table 5 page 11) projects

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manufacturing job counts for City of Oakland, given the absence of the Wood Street project. The table below lists a projection of 19,520 jobs within the manufacturing sector in Oakland by the year 2025. In addition to these jobs, there would be additional industrial jobs within Trucking, Transportation, Warehousing and other industrial activities that are included in the "Other" category in the table above.

City of Oakland	Existing Yr 2000	Projecting Yr 2025	Growth 2000- 2025	Percent Growth 2000-2025 (%)
Population	399,480	443,170	43,690	10.0
Households	150,790	160,390	18,600	12.3
Employed Residents	174,740	225,670	50,930	29.1
TOTAL JOBS	185,160	244,370	50,930	32.0
Manufacturing	17,790	19,520	1,730	9.7
Retail	23,760	30,820	7,070	29.8
Service	69,590	101,280	31,690	45.5
Other	74,020	92,860	18,840	25.5

Industrial Land Use and Zoning

The adopted 1998 General Plan Land Use and Transportation Element (LUTE) included an industrial retention strategy that designated identified lands in a combination of light, general and heavy industrial activities. Over the past three years (2002-2004), community meetings and focus group sessions were held by in every district containing industrial parcels. These meetings, held between planning staff, property owners and the community, concerned the re-write of the industrial and new Housing & Business Mix (HBX) zoning districts. The new zoning districts included the concept of using the HBX zone as a buffer zone between the purely- residential districts and the industrial districts. . The essential changes made in the proposed new industrial districts were intended to protect and retain users within the General Industrial & Transportation district by prohibiting work-live conversions, and other higher value activities which tend to displace industrial activity by raising land values and instigating nuisance complaints toward heavy manufacturing industrial businesses by occupants of newly renovated work-live facilities.

The City of San Francisco's recent consultant study on "Production, Distribution and Repair" industrial uses (April 2005) makes the case for the integration of some light industrial activities within multi-use areas. The findings of that study suggested that an effective rezoning strategy to retain and promote desired industrial uses in the City of San Francisco would take a three-part approach: a) allow certain industrial uses to remain even if the land did not remain industrially-zones; b) promote the inclusion of some light industrial space in mixed-use areas (such as Oakland's HBX) c) restrict certain lands to industrial uses only. Oakland's new draft industrial zoning regulations provide such a strategy.

However, in many cases, there are large parcels of underutilized land which should be considered to accommodate other uses altogether, including residential activities; in order to meet the City's housing goals. Residential developers are attracted to such parcels due to their size and affordability, the economies of scale achieved without the problems of consolidating multiple individually-owned sites, and the ability to achieve maximum design goals over a large site area to include quality provisions for parks and open space, and other amenities. In addition, the benefits of Oakland's central location within the Bay Area as well as its cultural amenities are attractive to homebuilders who are now competing for the urban infill markets.

According to the latest regional housing allocations calculated by the Association of Bay Area Governments (ABAG), the City should strive to accommodate 7,733 housing units in the period between January of 1999 and June of 2006. Oakland's *Housing Element*, updated in 2004, states that between 1990 and 2000 there was an increase of only 2,800 housing units. Most of these new units were single-family homes, including extensive rebuilding activities in the fire area. Nearly half of Oakland's housing units are in single-family, primarily detached structures. Most of the multi-family housing that has been constructed since 1990 has been publicly assisted rental housing for lower-income housing. Multi-family housing has been at a vacancy rate of only 3 percent (1990-2000), while single family rental vacancy rates for that period were 2 %. These vacancies rates have increased slightly in the period 2002-2005, and demand for new rental stock is still slow. However, the demand for new ownership units continues to escalate with the continued low interest rates as well as increased investment interest in the City of Oakland generally.

The *Housing Element* "Table on Identified Opportunity Sites" shows a total of 3,168 units built or under construction as of mid-2002. The table shows another 5,146 units in pre-development, and another potential 8,000-10,000 units possible on "opportunity sites" identified in the *Housing Element*. It also states that among the non-governmental constraints to the production of these units is the cost of land, which can be as high as \$60-70/sf for residentially-zoned land. The cost of land for a typical family unit is about \$70,000 per unit (per the *Housing Element*-updated in 2004), and would be more when estimated today. The *Housing Element* further states that the cost of land preparation is furthered by the fact that most sites with housing development potential are relatively small parcels that can be difficult to develop.

Housing prices increased radically from 1997 to the present, with the median price increasing by 74 percent. The challenge for housing developers is to find a way to continue to deliver housing products without further increasing the land cost per unit that has now exceeded \$70,000 per single family unit. One way is to identify large underutilized and centrally-located industrial parcels, where parcel consolidation is not an issue, in order to promote the delivery of moderate-priced units in locations where increased traffic and other environmental issues resulting from

denser development can be accommodated. Attachment A indicates areas “prone to transition” where the present inquiries for residential development have been received or where staff acknowledged the increased potential of the land to be in higher value residential or commercial mixed use developments. Attachment E contains a chart of newly constructed or proposed applications for conversions of industrial land to residential use (large projects only- does not include projects under 35 units).

There are currently (Spring 2005) 6,738 new units of housing proposed or being considered in current industrial zones, including some HBX areas. HBX areas do not require a general plan amendment for development, but do require discretionary permits (conditional use permits etc) due to the existing “M” industrial zoning. Current proposals include the Wood Street project in West Oakland (proposed up to 1,550 units), the Oak to Ninth Street project on the Estuary (proposed up to 3,100 units) and the Arcadia Park project (proposed as up to 400 units) and Fruitvale Gateway (proposed up to 880 units). All of these projects have had a preliminary review of some kind, or are in the pre-application or environmental review process. Because of the number of these types of applications or preliminary proposals, staff has been receiving many calls from real estate brokers representing buyers and developers regarding other parcels within industrial general plan designations. There is a need for direction to staff in this regard from the decision-makers.

The City of Oakland currently has about 4,770 acres in industrially-zoned land, as noted in the *Land Use & Transportation Element(LUTE EIR page 11-25, Table II-8)*, which was adopted as part of the *General Plan* in 1998. About 725 acres of this land were designated as “Housing & Business Mix” in the *LUTE*, most of which are still zoned industrial (M-10, M-20, M-30 or M-40) In actuality, most of the new development activities in the HBX districts are residentially-oriented, due to the high demand of housing, the continuation of low interest mortgage rates, the growing attraction of the urban areas, and the ability of residential developers to pay the high costs of urban area land.

The industrial acres consist approximately of the following:

- 500 acres along the San Leandro Street corridor in East Oakland, designated as general industrial.
- 150 acres+ in Central Oakland and the Estuary designated as light industrial.
- About 50-75 acres in West Oakland and the Jack London District designated as light industrial.
- 3,700 acres including the Port and Seaport (1,100 acres) and the Airport (2,600 acres including wetlands and runways), as well as real estate in the Hegenberger/Edgewater area controlled by the Port and which are to be retained in commercial and industrial uses.

- 150 acres of industrially designated land at the Oakland Army Base, which are projected to be in the City's jurisdiction by 2006. Presently, the Oakland Army Base Reuse Authority (OARB) is conducting a consultant study for financial feasibility and market analysis of potential land uses at the Base to help determine the best reuse strategy for these lands. The results of this study should be available in July 2005.

One goal in the *LUTE* was to improve the utilization of industrial land, as a critical means by which Oakland's economy can grow within the constraints of its boundaries. There have been many changes in the industrial markets nationally and globally that have directly impacted Oakland companies. The factors that have contributed to this changed context during the seven years since the *LUTE* was adopted include:

- 1) The rise of cheaper overseas labor for manufacturing.
- 2) Low interest rates combined with a huge unmet housing demand in the Bay Area and throughout California;
- 3) The changing perception of Oakland as a good place for infill housing development given its strategic location at the hub of transit and major highway corridors.
- 4) Completion of joint Estuary Policy Plan with the Port of Oakland, whereby some historically industrial lands were designated for more mixed uses. This plan has been further refined and financial commitments made for park and open space acquisition and development (Measure DD) – thus making adjacent areas more desirable for development and change.
- 5) Changes in the Port of Oakland operations to facilitate expected growth and remain competitive.
- 6) Interest on the part of long-time industrial non-operator owners to see value in their land and benefit from the changes coming to Oakland.

The question remains: *How should the City Council prioritize the use of privately-held industrial land?* With the loss of good-paying industrial jobs, many City residents could be relying on the lesser paying jobs of the retail and service sectors, or stretching their commute to jobs in the outer Bay Area communities which continue to support industrial jobs. On the other hand, the provision of affordable and middle income market rate housing in Oakland could help resolve out-commuting, and the added provision of another 6,000-8,000 housing units can be critical to reach important new markets for Oakland, particularly in the support of new retail operations within Oakland.

Information contained in this report's Attachments provides essential summary information that can help inform the Planning Commission and City Council about the state of the industrial economy in Oakland and the East Bay.

Attachment B (*Physical and Economic Facts-Industrial Lands*) includes pertinent information about the condition, size, market conditions and economic trends in industrial land leasing and sales.

Attachment C (*Port and Other related Studies*) summarizes recent bodies of research which investigate current and future trends relative to the regional supply of land and activity of users, especially those with immediate relevance to the Port and City of Oakland as a trade center, and which provide evidence of the importance of keeping a percentage of Oakland's land available to support the expansion of the Port of Oakland.

Attachment D (*Principal Industrial Activity Classifications*) includes descriptions of four of Oakland's most active industrial activities, and employment figures for the past three years in those sectors. These include:

- Food processors including those whose market is particular to the Bay Area.
- Trucking warehouse and distribution companies (such as refrigerator container storage and customs freight facilities) which have frequent interaction at the Port, especially with the rising costs of fuel.
- Construction supply companies, including heavy material producers and contractors who work throughout the Bay Area prefer the central location and proximity to other suppliers.
- Recycling industries, which account for a large proportion of the exports from the Port.

The Port and Base may accommodate some of these uses, thereby removing the significant environmental impacts to residents in West, Central and East Oakland flatland neighborhoods, but generate little net gain in employment.

Attachment E (*Chart of New Proposals in Industrial Areas*) notes projects or proposals which are either submitted or under consideration of conversion to non-industrial uses (either commercial mixed-use or residential). The employment implications of this scale of change must be considered, as well as the employment benefits of new commercial uses which redevelopment of this land will attract. Already the Bay Area has seen an infusion of new construction sector jobs related to the boom in building that is taking place.

Attachment F (*Criteria in the Consideration of Proposals of Conversions of Industrial or Residential Land Uses, including Buffering and Separation of Uses*) A set of criteria could be established by which industrial conversions to non-industrial land uses could be considered by the decision-makers. These include consideration of broad City goals, including economic considerations (jobs, contributions and costs of new development on City revenues, environmental sustainability) as well as criteria for site planning and development standards. In

addition, the key issues which staff sees as crucial to the consideration of the location of new residential projects, in particular, within industrial areas include, but are not limited to:

- The physical and environmental conditions of the land in industrial areas has been compromised by historical industrial uses (brownfields). Remediation of such conditions, especially to a level acceptable for residential activities, is essential and expensive in many cases.
- Consideration of the air quality in the area relative to the regional transportation as well as local trucking and point source (factory emissions) pollutants, noise and operational issues etc.
- Truck Routes- Constraints and improvements of the current transportation infrastructure must be reviewed. Roads that are constructed for heavyweights (such as San Leandro Street) are rare in the City and cannot be duplicated elsewhere. Not all heavyweight Port-bound truck may cross certain sections of I-880 (the 5th Avenue bridge for instance), and they are required to divert to Embarcadero Road now, travel through 3rd Street to the Adeline Street Bridge to the Port. The long-term presence of trucks on San Leandro Street as well as other streets such as Embarcadero, is therefore a reality.
- Rail- Another issue is the close proximity of the rail lines to most of the sites with interest from developers for reuse. Issues include pedestrian and vehicle safety, as well as issues with hours of operation for loading and unloading. The Port of Oakland as well as Ports in Los Angeles and Seattle are moving towards increased rail delivery of goods. While the Port of Oakland's increased rail needs are anticipated to emphasize the northern routes, import shipments from Asia, received in Long Beach, travel through East and Central Oakland en route to local deliveries.
- Buffering issues between residential and industrial property were addressed in the zoning re-write of 2002-2003 and are discussed in Attachment F. These include the separation of truck points of entry (driveway distance from residential zones), solid walls as buffers between residential and industrial yards, and operation issues where typical industrial activities occur within a 14 or 16 hour day. In addition, physical specifications for new (non-industrial) development can be mandated which assist in the physical and psychological separation of these use. Lastly, nuisance disclosures and or nuisance easements can be a tool to inform new residents about the existing conditions of the neighborhood, where non-residential uses are moving into existing industrial areas.

SUSTAINABLE OPPORTUNITIES

Economic: Council policy decisions regarding the conversion of industrial land will have significant impact on the types of jobs and the preservation of its industrial employment base that will be generated in the local economy, but will also influence the supply and types of housing provided within the City. The increase of residential populations with spendable income will

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encourage development and support of existing neighborhood commercial and downtown retail and entertainment uses.

Environmental: “Smart Growth” in the form of infill housing and commercial mixed use development within the City of Oakland, particularly located near transit and transportation corridors will enhance the local environment, but could increase congestion and degrade air quality in the immediate neighborhoods. Analysis of the air quality impacts of industrial development versus a higher density commercial and or mixed use development (impacts by *manufacturing as well as truck travel*) will contribute to the environmental analysis of policy decisions. Additional development on existing industrial lands will also necessitate local stormwater management plans relative to permeable surfacing.

Social Equity: Analysis of the benefits to the immediate neighborhood (impact on schools, provision of housing affordable to existing residents), increased services to disadvantaged areas, *or enhanced recreational or community benefits related to any redevelopment of existing industrial lands to new commercial, mixed use or residential development* should be assessed prior to an overall policy statement by Council.

DISABILITY AND SENIOR CITIZEN ACCESS

There are not immediate issues pertaining to the benefits and impacts for the disability and senior citizen communities and compliance with the Americans with Disabilities Act (ADA) and the Older Americans Act, and other applicable laws.

OPTIONS AND RECOMMENDATIONS

Oakland’s changing industrial activity began with the changes and transformation of warehouses within the Produce District in Jack London District to residential lofts, and continues with new loft development in other areas. This year marks the ten-year anniversary of the Coliseum Redevelopment Area, and with it marks ten years of awareness that our industrial areas are changing. Many other cities are facing similar questions to Oakland, particularly those with waterfront property and industrial activity that has dominated that landscape. Housing activists in the City of San Francisco have been considering the utility of its industrial land use categories relative to the same questions being asked in Oakland. The increased interest in urban infill development within industrial lands in Oakland provides the City Council the opportunity to assess and discuss the future economic growth of the city in relation to future housing needs.

Staff recommends that the City Council consider commissioning an economic and planning study of existing and projected industrial land use activities within the City of Oakland, in an amount not to exceed \$50,000, which will help the Council set priorities for the use of the industrial land. The proposed scope would include but not be limited to a) analysis of the existing configuration and supply of land identified by Council for industrial retention; b) creation of future job projections based on desired and sustainable industries; c) estimates of typical floor areas and required building types demanded by such industries; and d) recommend tools to maintain the preservation of industrial activities in the identified protection areas. This study would require dedication of staff support to provide data and mapping, inventory analysis of existing businesses at a minimum, based on the existing data and information generated by staff during the Zoning Update process. In addition, Council can build its analysis through the review of the forthcoming Oakland Army Base Land Use and Economic Planning Study, expected in July 2005 by review of the potential uses relative to industrial activities currently taking place within the City's existing industrial lands.

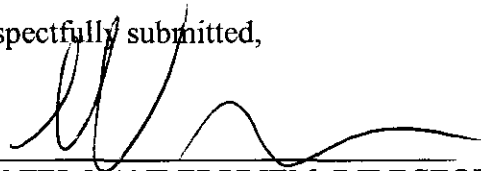
The City Council could elect to take action, including but not limited to any of the following suggestions, upon consideration and acceptance of the study proposed above, and review of any other additional research undertaken by staff at Council's request:

- 1) Allow no further conversion of industrial lands than those called for in 1998 *LUTE* and related 1998 adopted Land Use Map. Make the general plan policies stronger with regard to protection of such areas.
- 2) Allow Conversion of some industrial lands in strategic areas. Identify those lands which may be more compatible for transition over time to higher value uses, while retaining an industrial protection area, based on the results of the recommended study. Direct staff to create criteria that can be used by the Planning Commission to evaluate all applications for general plan amendments from industrial designations to non-industrial designations. Direct staff to return with legislation and analysis to do this, including identification of funding sources for the development of such criteria.
- 3) Establish tools and programs that could be used to compliment any of the above policies, such as the encouragement of industrial condominiums, more direct marketing of Oakland's industrial assets, and referrals of growing Oakland businesses to financial lending institutions and other business support strategies.

ACTION REQUESTED OF THE CITY COUNCIL

No direct action is requested of Council other than to direct staff to provide additional information as needed to facilitate discussion on this topic.

Respectfully submitted,



DANIEL VANDERPRIEM, DIRECTOR
Redevelopment, Economic Development,
Housing & Community Development

Reviewed by: Gregory Hunter
East Oakland Redevelopment Manager

Prepared by: Margot Lederer Prado, AICP
Project Manager, Redevelopment Division

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:







OFFICE OF THE CITY ADMINISTRATOR

Attachments:

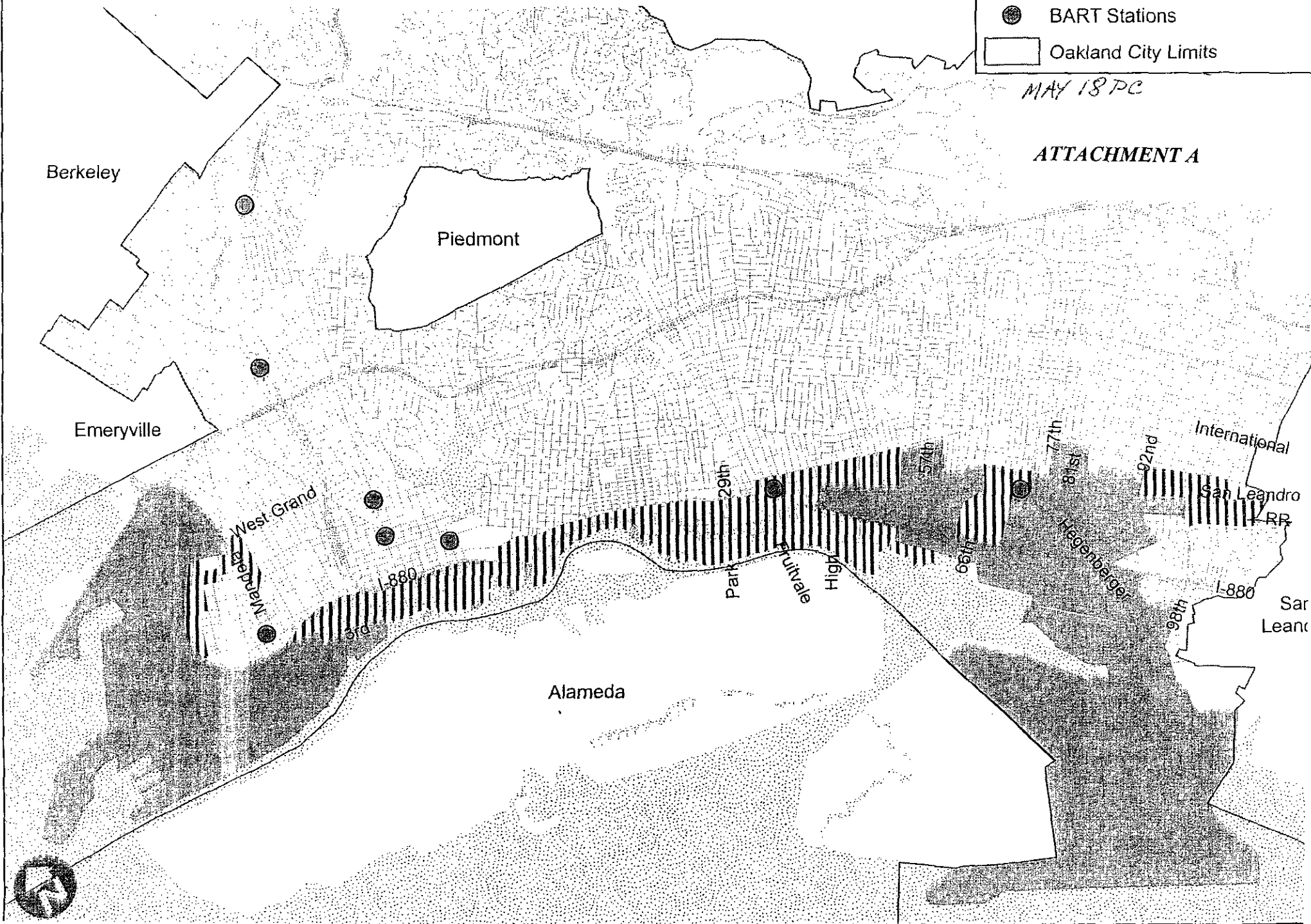
- A. Map Exhibit- Industrial Land Citywide
- B. Physical and Economic Facts on Industry in Oakland
- C. Port Logistics and Other Relevant Economic Studies
- D. Description Principal Industries in Oakland
- E. Current Proposals and Projects in Industrial Areas
- F. Physical, Environmental and Economic Issues relative to Reuse of Industrial Land

ATTACHMENT A - INDUSTRIAL REPORT TO CITY COUNCIL & PLANNING COMMISSION - MAY/JUNE 2005

-  Industrial Retention
-  Industrial - Prone to Conversion
-  BART Stations
-  Oakland City Limits

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ATTACHMENT A



Attachment B Physical and Economic

(Included, in hard copy, CB Richard Ellis Oakland Industrial Report 4th quarters 2001-2004)

The following describes general features of the industrial land and building stock, both from the historical perspective of 1994 and from today's changing market conditions. The key location of Oakland within the San Francisco Bay region and its connection to national transportation systems (historic Highway Route 66 / Transcontinental Railway/ Port of Oakland) attracted industries that processed and exported the goods from California's interior valley, including minerals, agricultural products and other goods) through the Port of Oakland and rail. Most of Oakland's current industrial building stock was constructed during the industrial expansion years 1940's-1960's. The current industrial market in Oakland includes 33.1 million square feet of industrial facilities-comprised of 23,519,039 warehouse space; 8,634,472 of manufacturing; and 918,921 sf of R&D space. There is approximately 94,000 sf of new R&D space under construction (Lincoln Park- Pardee Way).

Parcel and Building Structures: The East Oakland/ San Leandro corridor tends to house larger industrial parcels, while West Oakland and the Estuary/Fruitvale industrial areas have smaller parcel size and more facilities under 25,000 sf in size. New buildings which are concrete tilt-up buildings with higher ceiling spans and fewer internal structural supports, provide more flexible use for modern warehousing and manufacturing activities. Some of these types of structures exist; including the Elmhurst Industrial Park (85th Avenue built in 1992), Enterprise Business Park, the FedEx facility built in 1997 and the new Lincoln Airport Business Park on Hegenberger.

Rents and Sales Prices: Typical rents for industrial property in the Central/East Oakland area today are approximately double the rents of ten years ago. Typically larger spaces of 25,000 sf, which were leasing for .22 cents/sf net in 1994 are now renting for 45-50 cents/sf net. Sales prices in industrial land in 1994 were between \$4-6 per sf- today they typically sell for \$15-18/sf for industrial product. There continues to be a discrepancy between sales and leasing prices. Sales values remain firm or are increasing, while lease rates remain soft and flat for the last 36 months. Building ownership therefore remains a desirable option. In contrast, land which can be entitled for residential development in the same neighborhoods, sells for over \$25-65/sf.

Vacancy Rates: Industrial vacancy rates in 1994 were about 14 percent (1992/ Brady Study), however today's vacancy rate in some parts of Oakland (West Oakland, Jack London- Estuary area) is less than 4% according to industrial brokers. General Vacancy Rates today for the Oakland/East Bay Industrial corridor is 10%, a decrease from the prior quarter. An end of year 2004 report from brokerage firm CB Richard Ellis notes a vacancy rate in Oakland of only 6.6%, with asking prices for leased space at \$0.38 per square foot NNN for warehouse space, \$0.42 NNN for manufacturing space, and \$0.85 for R&D space. The overall East Bay area averages a leasing price of \$0.40 per sf (including the average from the City of Berkeley at \$0.70 per sf and Emeryville at \$0.50 per sf).

Employment: Unemployment in Oakland decreased even as the overall labor force increased in the greater Oakland Metro Area. In November, the unemployment rate in the Metro Area decreased from 5.9% to 4.7%. There is now a larger labor force in the East Bay than before the dot-com era, however government employment, which is concentrated in the East Bay and in Oakland in particular, is expected to decrease sharply in the year 2005.

City Revenue from Industrial: An October 2004 Sales tax Update received by the CEDA Economic Development Unit noted that the City's Business and Industry sales tax generation exceeded the State's average, and represented 18% of the City's revenue gained through Sales Tax, while the State average was at 17%. Part of Oakland's advantage in the Business and Industrial sector may reflect the Caltrans Bridge retrofit project, which utilizes many local Oakland contractor and parts distribution firms. General Merchandise the City traditionally performs poorly, with Oakland's share representing only 13% of the City's total revenue from Sales Tax, while the State average is 27%. In the Restaurant & Hotel, Building & Construction, Fuel & Service Station and Food & Drug categories, the City is roughly the same as the state overall.

From 1997 to 2001 the trend was office conversion. In that period, every industrial building in a decent area with parking was converted into office space (a loss in industrial). Today's real estate trend is residential conversion. A recent *Kiplinger California Letter* (a newsletter on trends in business, government and real estate, Vol 41, No 8 April 20, 2005) states that half the jobs created in the private sector over the past two years are connected to housing (finance, lending, construction). The *East Bay Economic Outlook* January 2005 report created for the Economic Development Alliance for Business and the Contra Costa Council, reports that 6,000 out of the 11,000 jobs formed in 2004 in the East Bay came in the construction and real estate sectors. And it is highly likely that there will be reversals when the housing market begins to cool in the next two years. The Outlook report also states that the 7,500 new jobs formed in Administrative/Support services, Healthcare, Professional Services, Durables Manufacturing, Leisure & Hospitality and Finance are jobs that reflect a recovering economy. A sales slump following a rise in interest rates, would hurt the economy and the balance of industrial jobs is crucial to maintain a balance if and when such a fall occurs.

Oakland • East Bay Market

INDUSTRIAL REPORT

FOURTH QUARTER 2004

Submarkets	NRA	Total Vacancy Rate	Total Availability Rate	Total Direct Available	Total Sublease Available	Est. NNN Average Asking Rate	Q4 Net Absorption	YTD Net Absorption	Under Construction
Richmond	12,759,927	7.2%	12.8%	1,434,689	197,448		286,499	213,308	120,536
Warehouse	4,634,517	6.9%	9.1%	289,668	133,000	\$0.35	169,887	97,811	120,536
Manufacturing	6,115,321	5.6%	15.5%	937,936	12,800	\$0.39	33,600	72,621	0
R&D/Flex	2,010,089	12.9%	12.9%	207,085	51,648	\$0.90	83,012	42,876	0
Berkeley	7,304,201	1.8%	2.1%	149,908	0		(8,454)	(2,618)	0
Warehouse	2,125,019	4.4%	4.8%	101,574	0	\$0.70	(41,269)	(62,061)	0
Manufacturing	3,930,872	0.9%	1.2%	48,334	0	\$0.65	12,200	10,189	0
R&D/Flex	1,248,310	0.0%	0.0%	0	0	\$1.00	20,615	49,254	0
Emeryville	4,243,553	7.1%	7.7%	326,965	0		46,032	77,497	0
Warehouse	2,360,386	9.2%	9.2%	217,494	0	\$0.50	35,362	(23,273)	0
Manufacturing	1,240,784	0.7%	2.7%	34,090	0	\$0.65	0	35,050	0
R&D/Flex	642,383	11.7%	11.7%	75,381	0	\$1.40	10,670	65,720	0
Oakland	33,072,432	6.6%	8.2%	2,429,606	293,576		(64,890)	(453,038)	35,360
Warehouse	23,519,039	6.6%	8.5%	1,723,511	283,346	\$0.38	(41,877)	(523,799)	0
Manufacturing	8,634,472	6.0%	7.1%	606,551	10,230	\$0.42	(5,913)	19,405	0
R&D/Flex	918,921	10.8%	10.8%	99,544	0	\$0.85	(17,100)	51,356	35,360
Alameda	4,130,361	18.8%	25.2%	1,040,287	0		3,500	(33,590)	0
Warehouse	3,381,336	17.7%	23.4%	791,217	0	\$0.40	3,500	(34,520)	0
Manufacturing	749,025	23.9%	33.3%	249,070	0	\$0.40	0	930	0
San Leandro	22,220,846	6.8%	9.5%	1,569,744	547,992		(37,471)	(92,206)	0
Warehouse	14,784,025	8.2%	9.8%	1,029,752	418,397	\$0.42	72,434	(47,152)	0
Manufacturing	4,636,980	0.4%	6.9%	270,402	48,994	\$0.50	(9,237)	55,410	0
R&D/Flex	2,799,841	9.9%	12.5%	269,590	80,601	\$0.85	(98,194)	(97,990)	0
San Lorenzo	1,154,729	9.1%	9.1%	104,945	0		2,660	4,624	0
Warehouse	541,642	12.5%	12.5%	67,605	0	\$0.32	40,000	4,514	0
Manufacturing	613,087	6.1%	6.1%	37,340	0	\$0.39	(37,340)	110	0
Hayward	40,490,268	7.6%	12.7%	3,818,062	1,326,144		406,554	254,681	12,070
Warehouse	27,058,558	6.3%	11.5%	2,321,402	786,002	\$0.35	472,118	229,017	0
Manufacturing	7,367,002	5.7%	12.5%	606,732	310,552	\$0.45	(58,134)	(29,883)	0
R&D/Flex	6,064,708	15.8%	18.5%	889,928	229,590	\$0.75	(7,430)	55,547	12,070
Union City	13,430,488	12.1%	12.4%	1,557,976	112,544		(20,420)	(109,573)	63,715
Warehouse	9,703,627	12.8%	12.8%	1,215,681	28,988	\$0.34	26,168	(129,350)	0
Manufacturing	2,417,795	10.6%	10.6%	256,383	0	\$0.45	(2,887)	46,765	0
R&D/Flex	1,309,066	9.4%	12.9%	85,912	83,556	\$0.75	(43,701)	(26,988)	63,715
Fremont	38,520,561	18.7%	19.0%	6,171,609	1,154,913		(135,276)	485,979	0
Warehouse	8,613,075	18.8%	19.5%	1,329,133	348,281	\$0.40	(79,514)	552,286	0
Manufacturing	11,494,402	6.7%	7.1%	639,570	176,644	\$0.59	(44,922)	(86,748)	0
R&D/Flex	18,413,084	26.2%	26.2%	4,202,906	629,988	\$0.75	(10,840)	20,441	0
Newark	9,525,352	23.5%	23.5%	1,744,911	492,944		(402,555)	(31,635)	0
Warehouse	3,244,468	25.1%	25.1%	640,818	173,477	\$0.38	(184,323)	36,548	0
Manufacturing	3,653,590	7.9%	7.9%	129,254	157,600	\$0.50	2,092	(13,753)	0
R&D/Flex	2,627,294	43.3%	43.3%	974,839	161,867	\$0.57	(220,324)	(54,430)	0
80/880 Industrial Market	186,852,718	10.7%	13.1%	20,348,702	4,125,561		78,653	315,903	231,681
Warehouse	99,965,692	9.4%	11.9%	9,727,855	2,171,491	\$0.40	472,486	100,021	120,536
Manufacturing	50,853,330	5.7%	8.9%	3,815,662	716,820	\$0.45	(110,541)	110,096	0
R&D/Flex	36,033,696	21.5%	22.3%	6,805,185	1,237,250	\$0.78	(283,292)	105,786	111,145

Oakland • East Bay Market
INDUSTRIAL MARKET INDEX REPORT

INDUSTRIAL MARKET STATISTICS

	Net Rentable Area	Total Vacancy Rate	Total Available Rate	Total Sublease Available	EST.NNN Average Asking Rate	Q4 Net Absorption	YTD Net Absorption	Under Construction
Richmond								
Warehouse	4,567,345	12.0%	16.4%	331,196	\$0.39	169,455	(77,222)	0
Manufacturing	6,009,321	5.3%	7.3%	12,800	\$0.60	(5,159)	(45,322)	0
R&D/Flex	2,000,744	15.1%	18.2%	108,708	\$1.25	(4,421)	(124,968)	0
Totals	12,577,410	9.3%	12.3%	452,704		159,875	(247,512)	0
Berkeley								
Warehouse	2,085,889	3.7%	4.8%	9,775	\$0.62	4,240	16,994	0
Manufacturing	3,930,030	1.1%	2.2%	0	\$0.62	(7,704)	41,456	0
R&D/Flex	1,233,018	9.5%	14.8%	25,250	\$1.00	(36,825)	(15,571)	0
Totals	7,248,937	3.3%	5.1%	35,025		(40,289)	42,879	0
Emeryville								
Warehouse	2,291,484	8.1%	11.5%	30,666	\$0.50	16,157	(20,974)	0
Manufacturing	1,245,444	5.4%	7.1%	12,000	\$0.68	65,274	65,274	0
R&D/Flex	637,383	20.6%	20.6%	0	\$1.50	(5,381)	(5,381)	0
Totals	4,174,311	8.2%	11.6%	42,666		76,050	38,919	0
Oakland								
Warehouse	23,580,994	7.1%	10.1%	540,936	\$0.32	(101,611)	(397,354)	0
Manufacturing	8,557,772	4.2%	8.2%	81,150	\$0.38	(21,950)	(39,334)	0
R&D/Flex	563,239	2.5%	9.2%	0	\$1.35	(3,850)	(16,628)	114,000
Totals	32,682,005	6.2%	9.6%	622,086		(127,411)	(453,316)	114,000
Alameda								
Warehouse	2,792,228	3.9%	5.3%	0	\$0.40	40,000	56,890	0
Manufacturing	749,025	24.0%	24.0%	0	\$0.40	0	0	0
Totals	3,541,253	8.2%	9.2%	0		40,000	56,890	0
San Leandro								
Warehouse	14,634,338	7.2%	11.1%	751,381	\$0.35	62,751	(317,036)	80,940
Manufacturing	4,562,653	1.8%	10.4%	27,806	\$0.37	(14,595)	251,922	66,500
R&D/Flex	2,821,896	7.0%	12.0%	30,604	\$0.68	(14,267)	(26,540)	0
Totals	22,018,887	6.0%	11.1%	809,791		33,889	(91,654)	147,440
San Lorenzo								
Warehouse	541,642	18.2%	36.9%	40,000	\$0.32	(40,710)	(99,315)	0
Manufacturing	620,747	0.0%	9.6%	0	\$0.39	0	0	0
Totals	1,162,389	8.5%	22.3%	40,000		(40,710)	(99,315)	0
Hayward								
Warehouse	26,858,821	7.2%	13.7%	1,653,000	\$0.35	(209,146)	(290,208)	0
Manufacturing	7,039,767	3.5%	10.0%	302,901	\$0.43	(109,343)	63,344	0
R&D/Flex	6,188,143	19.1%	21.1%	298,302	\$0.60	(2,926)	(185,712)	12,070
Totals	40,086,731	8.4%	14.2%	2,254,203		(321,415)	(412,576)	12,070
Union City								
Warehouse	9,516,130	8.8%	12.1%	388,381	\$0.35	(175,335)	364,068	126,901
Manufacturing	2,468,531	10.2%	14.3%	8,520	\$0.43	(68,061)	42,951	0
R&D/Flex	1,250,149	9.8%	12.2%	66,087	\$0.60	(95,083)	(95,083)	0
Totals	13,234,810	9.2%	12.5%	442,988		(338,479)	311,936	126,901
Fremont								
Warehouse	8,904,577	20.6%	24.7%	220,341	\$0.45	(61,354)	(656,281)	0
Manufacturing	11,839,449	5.9%	6.2%	142,574	\$0.68	(168,553)	49,554	0
R&D/Flex	19,886,032	24.6%	25.8%	921,972	\$0.89	141,292	(100,316)	0
Totals	40,630,058	18.2%	19.8%	1,284,887		(88,615)	(707,023)	0
Newark								
Warehouse	3,356,611	15.1%	21.5%	84,340	\$0.40	(303,753)	(275,021)	0
Manufacturing	3,803,583	10.6%	11.0%	323,242	\$0.63	9,548	(88,662)	0
R&D/Flex	2,778,429	36.0%	36.2%	167,436	\$0.75	(266,159)	(239,702)	54,224
Totals	9,938,623	19.2%	21.6%	575,018		(560,364)	(603,385)	54,224
80/880 Industrial Market								
Warehouse	99,110,059	8.9%	13.3%	4,030,016	\$0.38	(599,306)	(1,679,321)	207,841
Manufacturing	50,826,322	5.2%	8.3%	910,993	\$0.48	(320,543)	306,183	66,500
R&D/Flex	37,359,033	21.3%	23.2%	1,818,359	\$0.85	(287,620)	(809,901)	180,294
Totals	187,295,414	10.4%	13.9%	6,559,368		(1,207,469)	(2,183,039)	454,635

OAKLAND Industrial Report

FOURTH QUARTER 2002

Submarkets	Net Rentable Area	Total Vacancy Rate	Total Available Rate	Total Sublease Available	NNN Average Asking Rate	Q4 Net Absorption	YTD Net Absorption	Under Construction
Richmond								
Warehouse	4,474,792	11.4%	20.5%	46,100	\$0.42	41,512	37,361	20,000
Manufacturing	6,139,929	4.4%	6.9%	0	\$0.60	55,200	(230,941)	0
R&D/Flex	2,265,896	8.9%	22.6%	22,887	\$1.00	111,759	77,726	0
Totals	12,880,617	7.6%	14.4%	68,987		208,471	(115,854)	20,000
Berkeley								
Warehouse	2,030,583	3.8%	4.4%	0	\$0.60	14,992	54,495	17,000
Manufacturing	4,078,069	2.1%	2.7%	29,160	\$0.65	(12,960)	32,546	0
R&D/Flex	1,222,739	8.3%	11.9%	20,000	\$1.20	1,800	(17,161)	0
Totals	7,331,391	3.6%	4.7%	49,160		3,832	69,880	17,000
Emeryville								
Warehouse	2,256,406	7.4%	9.9%	20,493	\$0.60	(67,360)	(41,563)	0
Manufacturing	1,252,044	10.6%	11.6%	12,700	\$0.75	(94,274)	(67,399)	0
R&D/Flex	637,383	19.7%	19.7%	0	\$1.55	0	(93,466)	0
Totals	4,145,833	10.2%	11.9%	33,193		(161,634)	(202,428)	0
Oakland								
Warehouse	23,285,780	6.6%	9.8%	315,704	\$0.38	(567,515)	(869,255)	0
Manufacturing	8,457,401	3.9%	7.3%	153,269	\$0.40	(11,130)	(133,368)	0
R&D/Flex	503,439	1.0%	3.0%	0	\$1.40	(1,488)	10,688	0
Totals	32,246,620	5.8%	9.0%	468,973		(580,133)	(991,935)	0
Alameda								
Warehouse	2,736,228	8.1%	8.1%	0	\$0.40	0	44,000	0
Manufacturing	749,025	24.0%	24.0%	0	\$0.40	0	19,025	0
Totals	3,485,253	11.6%	11.6%	0	N/A	0	63,025	0
San Leandro								
Warehouse	14,635,348	6.3%	11.5%	681,426	\$0.38	(84,551)	(219,470)	0
Manufacturing	4,562,653	8.0%	8.0%	3,000	\$0.39	0	(262,904)	310,100
R&D/Flex	2,807,010	6.0%	7.6%	28,842	\$0.80	3,668	(84,076)	0
Totals	22,005,011	6.6%	10.3%	713,268		(80,883)	(566,450)	310,100
San Lorenzo								
Warehouse	439,247	0.0%	0.0%	0	N/A	0	(19,800)	0
Manufacturing	618,747	0.0%	0.0%	0	N/A	0	0	0
Totals	1,057,994	0.0%	0.0%	0	N/A	0	(19,800)	0
Hayward								
Warehouse	26,532,134	7.5%	10.6%	783,764	\$0.38	184,009	(790,168)	0
Manufacturing	6,979,326	7.5%	13.9%	487,697	\$0.51	(25,180)	(224,019)	70,260
R&D/Flex	5,975,965	15.7%	19.3%	280,513	\$0.80	(131,830)	(439,168)	32,597
Totals	39,487,425	8.7%	12.5%	1,551,974		26,999	(1,453,355)	102,857
Union City								
Warehouse	9,360,238	13.9%	15.9%	621,572	\$0.40	76,171	(476,502)	0
Manufacturing	2,468,531	16.8%	17.1%	5,600	\$0.51	14,106	43,916	0
R&D/Flex	1,246,878	2.2%	2.3%	20,275	\$0.80	22,339	38,760	0
Totals	13,075,647	13.3%	14.8%	647,447		112,616	(393,826)	0
Fremont								
Warehouse	9,118,751	17.2%	17.2%	704,436	\$0.48	(301,959)	(502,920)	0
Manufacturing	11,696,614	9.7%	9.8%	301,460	\$0.85	120,772	170,294	0
R&D/Flex	19,680,034	24.1%	24.2%	1,240,076	\$1.15	(148,416)	(2,147,521)	0
Totals	40,495,399	18.4%	18.5%	2,245,972		(329,603)	(2,480,147)	0
Newark								
Warehouse	3,356,016	6.9%	7.6%	55,614	\$0.48	308,767	(269,739)	0
Manufacturing	3,822,723	8.2%	8.2%	218,805	\$0.75	32,780	1,635	0
R&D/Flex	2,737,429	29.1%	29.1%	219,067	\$1.05	85,316	(226,576)	0
Totals	9,916,168	13.5%	13.8%	493,486		426,863	(494,680)	0
BD/880 Industrial Market								
Warehouse	98,225,523	8.7%	11.8%	3,229,109	\$0.40	(395,934)	(3,053,561)	37,000
Manufacturing	50,825,062	7.4%	9.2%	1,211,691	\$0.55	79,314	(651,215)	380,360
R&D/Flex	37,076,773	19.2%	20.9%	1,831,660	\$1.05	(56,852)	(2,880,794)	32,597
Totals	186,127,358	10.4%	12.9%	6,272,460		(373,472)	(6,585,570)	449,957

Oakland Industrial REPORT

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Submarket	Net Rentable Area	Total Vacancy Rate	Total Availability Rate	Total Sublease Available	Average Asking Rate	Q4 Net Absorption	Under Construction
RICHMOND							
Warehouse	4,529,607	12.4%	20.6%	20,000	\$0.42	(91,078)	20,000
Manufacturing	5,292,895	0.6%	1.8%	0	\$0.60	(5,400)	0
R&D	2,760,112	12.7%	19.9%	103,300	\$1.25	43,622	0
Total	12,582,614	7.5%	12.6%	123,300		(52,856)	20,000
BERKELEY							
Warehouse	2,028,344	6.8%	8.0%	7,500	\$0.80	(68,646)	0
Manufacturing	4,208,769	2.8%	2.8%	35,000	\$0.75	(36,762)	0
R&D	1,222,739	6.9%	6.9%	0	\$1.75	(36,915)	0
Total	7,459,852	4.6%	4.9%	42,500		(142,323)	0
EMERYVILLE							
Warehouse	4,169,887	3.9%	4.3%	29,190	\$0.80	4,042	0
Manufacturing	2,027,196	3.2%	14.6%	12,700	\$0.65	12,000	0
R&D	1,369,519	3.4%	9.2%	11,000	\$1.65	30,210	0
Total	7,566,602	3.6%	8.0%	52,890		46,252	0
OAKLAND							
Warehouse	27,109,514	8.6%	11.2%	828,333	\$0.40	(190,126)	0
Manufacturing	10,722,317	3.3%	5.3%	172,692	\$0.53	(92,793)	0
R&D	414,738	2.2%	2.2%	0	\$1.75	(6,799)	60,000
Total	38,246,614	7.1%	9.5%	1,001,025		(289,718)	60,000
ALAMEDA							
Warehouse	1,633,774	2.7%	3.5%	0	\$0.48	100	0
Manufacturing	469,025	4.1%	4.1%	19,025	\$0.79	0	0
R&D	167,723	0.0%	0.0%	0	\$1.55	0	0
Total	2,270,522	2.8%	3.4%	19,025		100	0
SAN LEANDRO							
Warehouse	15,162,671	4.7%	9.1%	682,558	\$0.40	(221,790)	0
Manufacturing	5,231,957	1.9%	3.0%	0	\$0.55	(28,300)	0
R&D	2,860,317	3.5%	4.6%	28,752	\$0.90	(23,388)	0
Total	23,254,945	3.9%	7.2%	711,310		(273,478)	0
SAN LORENZO							
Warehouse	439,247	2.3%	2.3%	0	\$0.39	0	0
Manufacturing	618,747	0.0%	0.0%	0	\$0.50	0	0
Total	1,057,994	1.0%	1.0%	0		0	0
HAYWARD							
Warehouse	27,111,676	4.4%	12.8%	1,715,580	\$0.40	189,931	0
Manufacturing	7,221,400	4.0%	10.2%	420,840	\$0.65	1,613	0
R&D	5,989,014	8.9%	14.3%	302,203	\$1.00	(201,298)	0
Total	40,322,090	5.0%	12.6%	2,438,623		(15,754)	0
UNION CITY							
Warehouse	10,038,331	6.7%	11.8%	199,248	\$0.40	112,437	120,084
Manufacturing	2,610,531	18.4%	19.4%	5,600	\$0.65	(226,520)	0
R&D	429,685	4.7%	6.9%	20,275	\$1.00	0	0
Total	13,078,547	9.0%	13.2%	225,123		(114,083)	120,084
NEWARK							
Warehouse	3,279,736	0.5%	14.9%	347,085	\$0.50	(8,330)	0
Manufacturing	4,227,509	8.1%	9.7%	155,500	\$1.00	(211,227)	0
R&D	2,613,429	10.1%	44.1%	188,097	\$1.35	16,529	534,865
Total	10,120,674	6.1%	20.3%	690,682		(203,028)	534,865
FREMONT							
Warehouse	9,027,672	6.5%	13.4%	732,384	\$0.55	(75,276)	0
Manufacturing	11,511,880	9.1%	13.4%	215,024	\$1.00	(329,530)	0
R&D	18,909,549	9.0%	12.8%	1,115,627	\$1.35	(284,081)	225,791
Total	39,449,101	8.5%	13.1%	2,063,035		(688,887)	225,791
BO/880 CORRIDOR							
Warehouse	104,530,459	6.2%	11.6%	4,561,878	\$0.44	(354,736)	140,084
Manufacturing	54,142,226	5.3%	8.2%	1,036,381	\$0.72	(916,919)	0
R&D	36,736,870	8.6%	13.4%	1,743,024	\$1.28	(462,120)	820,656
Total	195,409,555	6.4%	11.0%	7,341,283		(1,733,775)	966,740

Attachment C Port Logistics and Other Relevant Economic Studies

Port of Oakland Expansion

The Port of Oakland, which expects to continue expansion, has an estimated need for total land area of approximately 170 acres by the year 2020. To accommodate such growth, the Port also needs the continuance and growth of key support services, including refrigerated container storage, warehousing. Another area of concern for the Port Maritime Division is the local availability of approximately one million square feet of warehouse/"cross dock" capacity to allow large importers to transfer shipments from ocean containers to rail containers for inter-state shipping (per conversations with. Currently such facilities are disbursed throughout the region (in Hayward, San Leandro, Oakland) causing more truck trips on I-880 through the heart of Oakland. The availability of cross-dock space will help such businesses use ocean freight most efficiently and practice the rail efficiency that the Port is encouraging, while reducing expensive air shipment costs. The availability of privately-held (local) industrial land will also support the expansion of the Oakland Airport, which currently has an air cargo export flow of nearly 1 million tons per year. Nearby warehouse and distribution facilities, particularly for high-end and perishable exports (including California agricultural products, food commodities, wine and liquors) and imports, require convenient space near the Airport.

Several consultant studies are informative of the relationship of industry to location:

Port Location Study

The Port Location Study, commissioned by the Port in 2001 was conducted to identify options and to anticipate ways to meet the need for at least 170 acres of industrial land in order to accommodate the expected Port expansion. The Study forecasts that most of this acreage must be accommodated with the City's jurisdiction in proximity to the Port. The expected users of acreage include privately owned container storage, trucking and distribution facilities/ drayage firms, refrigerated container storage ("reefer depots"), trans-loading, cross-docking and customs warehouses, and other essential private service activities. The Study identified other services, including truck tire and other repair activities, which could reasonably be located at the periphery of the East Bay.

The Study found that many Oakland Port (private operator) truckers are currently located within 2 miles of the center of the Port area, for their own convenience, but that the majority is within a 5 mile radius (approximate to the Park Street Bridge on the south). It also found that most of these truck yard and dispatchers need not be in such proximity, but that those with refrigerated container services do benefit most by being close. The Study also examined suitable sites for the location of such Core Services, noting 500 acres in the General Industrial & Transportation-designated area of San Leandro Street as conducive for such activities. The Study noted that the potential for locating core port services within the Seaport and Airport area boundaries was very limited.

Goods Movement Study

This study was funded by the Metropolitan Transportation Commission and assisted by the Economic Development Alliance for Business (EDAB), the Bay Area Council, Port of Oakland, Bay Area Air Quality Management District (BAAQMD), and the California Department of Transportation (Caltrans). Its goals were to:

- 1) Determine the economic significance of goods movement in the Bay Area and to inform decision-makers about the economic implications of policy decisions that affect goods movement;
- 2) Provide guidance to MTC, so that it can determine the most appropriate investment strategies and policies for improvement regional goods movement; and
- 3) Forge consensus that would allow the Bay Area to pursue goods-movement issues nationally.

Consultants for the study acknowledge that the real estate market pressures are substantial and that local support for the accommodation of local industrially-zoned land for trucking and other goods movement activities within the I-880 East Bay corridor will be a challenge. The concept of reaching the ultimate beneficial economic density of some of these currently industrial sites (increased utilization or conversion to preferable higher value uses) will take some time, suggests that a phased approach in the reuse of what are perceived as non-performing industrial sites for trucking and transportation uses is advisable.

The Goods Movement study concludes with several recommendations for better planning to make smart, “good-neighbor” decisions while supporting Cargo Movement for the Port and Airport expansion. They are:

- a. Conduct Truck Route planning regionally
- b. Prioritize and fund Rail Crossings
- c. Coordinate Seaport and Airport planning relative to land use needs
- d. Coordinate and consider the implications of local land use policy with transportation investment. Incorporate guiding principles into regional planning that consider the *jobs side* of the jobs-housing balance equation; encourage proper suburban locations in *freight village* formations with stewarded site layout and street design to lessen impact; and use best-practices in site management while preserving the essential central location options for goods movement.

Army Base Reuse Development Plan

The City has contracted with a consultant team to develop a series of preferred land use alternatives for the Army Base accompanied by a potential Site Plan for development. The City could enter into a development agreement with a selected private firm upon the identification of the preferred alternative. The study will include an economic analysis of the proposed potential uses. The consultants are meeting with key stakeholders and industry representatives and will conclude their work in July, 2005.

Attachment D Principal Industries Sectors in Oakland

A variety of industrial activities have occurred in the 150 years of Oakland's industrial history. It is hard to predict the trends that will come in the next five years in industrial development; however four sectors that have a strong history in Oakland are worth further description. Globalization and decentralization of facilities from the urban areas with relocation in California's Central Valley and out-of-state locations have caused the demise of a large proportion of Oakland's manufacturing base in the last 15 years. However the following four industry sectors are still present and will likely continue, with some modifications:

Food Processing

Food processing has been with Oakland since the creation of the Port and the entry of rail into Oakland. The sector has been a traditional source of employment for area residents and has been a pillar of the local economy. Oakland's canneries sprouted on water and rail-adjacent properties by the turn of the century, and its tradition in Food Processing continued through the 1980's. The departure of some food giants (including two notable yeast factors which have left Oakland in the past year) have led to a decrease in jobs. Oakland continues to fight the lure of cheaper land prices and lower workers' compensation rates towards California's Central Valley and beyond to Nevada and other states.

Although there has been some consolidation (nationally and internationally in some cases) in some segments of the food industry, emerging small to medium-sized companies particularly those that depend on proximity to local markets and distribution networks, continue to grow. These companies specialize in a variety of products including bakery products, some ethnic foods, coffee, gourmet and other candies and beverages. There are trends among these companies: to serve gourmet and specialty markets, to distribute locally, to deliver fresh product on a daily basis, and to serve new consumer tastes (*Final Report on Food Processing, prepared for EDAB and Community Bank of the Bay, February 1998*). In addition to local Oakland firms, there are a number of San Francisco and Emeryville-based companies which are looking at moving to Oakland in the near future as land becomes even tighter in those cities. Staff is currently looking for no less than five small scale food companies which are seeking lease or purchase opportunities for relocation to Oakland.

The recent Bay Area Economic Forum report on manufacturing in California estimated the multiplier effect in general manufacturing to be a 3.0 multiplier effect for manufacturing. There are locally at least 25 firms in Oakland in this sub-cluster, each employing between 15 and 100 employees. The largest amount of jobs is in commercial bakeries, which have a shelf life and therefore are likely to remain within the East Bay region, versus moving out of state due to the higher costs of transportation.

Employment in Food Processing: (NAIC data)

March 2002: 2,512 employed

March 2003: 2,311
March 2004: 1,909

Employment in Food Distribution:

March 2002: 1,633 employed
March 2003: 1,566
March 2004: 1,622

Trucking & Transportation

The expansion of the Port of Oakland and Oakland's Trade Zone designation is causing additional demand in the availability of private land dedicated to trucking & Transportation, including land for cross-dock and trans-loading (shipping container to truck or rail) activities. There are approximately 24,191 persons employed in the trucking industries, (*Goods Movement Study Executive Summary, MTC December 2004*). The sector employs a total of 37,702 persons in the County, in combination with other forms of goods-movement sectors (air cargo, rail freight etc). This represents 6.5% of all County employment. There are about 50 trucking firms listed in the *Port Location Services* study in Oakland out of a total list of 60 firms in the I-880 corridor. Of these local Oakland firms, over 25 have West Oakland addresses, although some of these may represent offices rather than truck dispatch yard sites.

Employment in Trucking & Transportation (including shipping, airport operations of all kinds, and various support activities):

March 2002: 9,037 employed
March 2003: 9,854
March 2004: 11,551 (jump due to change in reporting by Pacific Maritime Association (longshoremen))

Employment in Postal/Delivery/Courier Services

March 2002: 8,249 employed
March 2003: 7,934
March 2004: 7,283

Warehouse & Port-related cargo & goods movement

The distribution of goods throughout the northern California region that originate from the Port and Airport are the subject of a current study (examined below). The Cargo Goods Movement Study notes the outward movement of Port-related warehousing reflecting market pressures toward higher value uses. The majority of Oakland's warehouse stock is becoming outdated, with few new facilities developed in the last thirty years. Outdated warehouses do not allow the same stocking capacity. Nevertheless, the industrial real estate broker community has commented that these facilities are still in demand for warehousing due to the centrality of the location within the Bay Area. In addition, many of Oakland's warehouses can now be used by light manufacturing and mixed commercial uses, such as wholesale operations. Smaller warehouses that meet

basic standards are being converted into small scale bakery operations and other uses that cater to new industries for small part, construction operations, and sale of interior design elements such as granite for countertops.

Employment in Warehousing (Distribution is emerged within “Transportation” data)

March 2002: 576 employed

March 2003: 627

March 2004: 522

Construction Services, Materials and Supplies

Oakland is home to large construction material suppliers, including several aggregate, material facilities which supply concrete and other types of aggregate material for construction of roads and new building construction. In addition, a variety of steel parts suppliers, metal fabricators, small engine parts suppliers, wood mills and other general manufacturers supply the construction industry with parts needed to meet the ever-increasing demand of the Bay Area construction boom.

The importance of suppliers to the area is the subject of a new trade association, the *Coliseum Construction Corridor Group (CCC)*, and their website offering information about local suppliers within the Coliseum Redevelopment area. CCC and its members are going to be featured in a new map (“Garret’s Guide”), 50,000 of which will sold and distributed throughout Alameda County showing the locations of these and other local suppliers. A West Oakland group is working with staff on the formation of a general business directory for West Oakland, which is an area that houses many creative construction materials and supplier firms.

Another City-supported construction trade support effort is the Oakland *Contractor’s Business Resource Center (BRC)*, which was funded and sponsored by CEDA. The goals of this construction-industry initiative are to create a pool of ready, willing and capable local and small business contractors to bid, bond, build and perform on public and private projects, and to increase the capacity and ability of these companies to create new jobs. Current Coliseum Resource Center opportunities include the Oakland Airport expansion project; the rebuilding of the eastern span of the Bay Bridge; the Coliseum BART light rail extension to the Oakland airport, the Oakland’s Uptown Project and, of course, continuing growth in private sector construction projects.

Employment in Construction Supplies (mineral products, glass, gravel etc)*

March 2002: 960 employed

March 2003: 804 employed

March 2004: 781 employed

* Building and Construction companies constitute a much greater level of employment than that noted here.

Recycling Industries

Oakland is a local and regional hub for recycling activity, with material converging here from all over Northern California. Recycling operators prefer Oakland locations because of the prominent role of the export market and the extremely cyclical nature of this low margin business. Major Oakland manufacturers such as Owens Illinois Glass and AB&I Foundry consume recyclable material to produce value-added products, attracting recyclable raw material from throughout the region. More significant in terms of volume is the amount of recyclable material that is shipped out of the Port of Oakland, primarily to China and other Pacific Rim countries. In fact, the top two exports by volume out of the Port of Oakland to China – Oakland’s biggest export partner – are scrap paper and scrap metal and plastic is in the top ten. This also means that the export of recyclable material represents the dominant mechanism by which empty export containers are returned to Pacific Rim countries, which is an important consideration for the expected doubling of import activity at the Port by 2020.

Recycling-based businesses also make a significant contribution to the economy. There are more than 50 companies in Oakland that collect, process, and/or manufacture products made from recyclable materials, employing nearly 1000 individuals in “green collar” jobs. Since 1993, the industrial lands of Oakland have anchored the Oakland/Berkeley Recycling Market Development Zone (RMDZ), the mission of which is to facilitate attraction, retention, and expansion of recycling-based processors and manufacturers. Since its inception, the RMDZ program has assisted local firms in obtaining a total of over \$5.5 million in grants and loans, and generated nearly \$11 million in investment in value-added processing and manufacturing utilizing recycled materials. Of the 24 loans funded by the Alameda County Recycling Revolving Loan fund since it was launched in 1996, 17 (over 70%) have gone to firms in the Oakland/Berkeley RMDZ.

Construction and demolition material recycling (C&D) is one segment of this essential industry, particularly in light of the extent of the development activity occurring in Oakland over the next three-five year period. C&D represents approximately 25% of currently un-recycled material, which makes it a key to reaching the City’s 75% landfill diversion goal. Unlike other recyclables such as metal, paper, and plastic, C&D materials cannot be cost-effectively exported to foreign recycling markets, and can typically save money compared with trucking material to more distant disposal facilities, and also help buildings achieve favorable LEED ratings.

NAICS	Oakland-based Employment: Category Description	Employment 2001	Employment 2002	Employment 2003	Employment 2004	Businesses 2001	Businesses 2002	Businesses 2003	Businesses 2004
481111	Scheduled Passenger Air Transportation	4090	3558	3683	2682	8	8	9	10
481112	Scheduled Freight Air Transportation	123	100	98	77	1	2	2	2
481211	Nonscheduled Chartered Passenger Air Trans	569	597	806	719	1	3	4	5
481212	Nonscheduled Chartered Freight Air Transportation	6	2	3	0	1	1	1	1
483111	Deep Sea Freight Transportation	697	628	817	756	4	4	4	4
484110	General Freight Trucking, Local	652	505	507	443	47	41	45	50
484121	General Freight Trucking, Long-Distance, Truckload	114	102	114	103	13	13	10	10
484122	General Freight Trucking, Long-Distance, Less Than Truckload	182	175	311	332	6	5	6	7
484210	Used Household and Office Goods Moving	140	73	71	65	15	13	9	10
484220	Specialized Freight (except Used Goods) Trucking, Local	125	136	145	134	21	23	23	26
484230	Specialized Freight (except Used Goods) Trucking, Long-Distance				6	0	0	0	1
485113	Bus and Other Motor Vehicle Transit Systems	1110	921	949	875	3	3	3	3
485119	Other Urban Transit Systems	3318	3456	3294	3241	1	1	1	1
485210	Interurban and Rural Bus Transportation	42	41	40	21	1	1	1	2
485310	Taxi Service	133	113	28	24	1	2	3	3
485320	Limousine Service	6	4	1	1	2	2	1	2
485510	Charter Bus Industry	68	19	0	0	5	3	2	2
485991	Special Needs Transportation	80	63	66	55	3	3	3	3
485999	All Other Transit and Ground Passenger Trans			93	289	0	0	1	2
487210	Scenic and Sightseeing Transportation, Water	2	1	1	0	2	1	1	1
488111	Air Traffic Control	877	1047	937	926	3	8	8	10
488119	Other Airport Operations	260	262	245	302	7	4	4	5
488190	Other Support Activities for Air Transportation	183	199	189	185	6	6	6	6
488210	Support Activities for Rail Transportation			28	34	0	0	1	1
488310	Port and Harbor Operations	1571	1406	1475	4411	6	6	6	7
488320	Marine Cargo Handling	191	157	132	123	4	4	4	5
488330	Navigational Services to Shipping	81	85	83	63	2	2	2	2
488390	Other Support Activities for Water Transportation	3	1	1	1	2	2	1	1
488410	Motor Vehicle Towing	97	102	85	80	11	14	17	18
488490	Other Support Activities for Road Transportation	10	11	10	1	2	2	2	4
488510	Freight Transportation Arrangement	128	181	161	155	15	15	16	20
488991	Packing and Crating	9	2	2	1	2	1	1	1
488999	All Other Support Activities for Transportation	105	80	36	32	2	2	2	2
491110	Postal Service	4155	3623	3387	3276	3	3	4	4
492110	Couriers	4748	4477	4456	4001	22	23	22	21
492210	Local Messengers and Local Delivery	141	149	91	6	6	7	6	7
493110	General Warehousing and Storage	358	285	279	259	15	15	14	16
493120	Refrigerated Warehousing and Storage	125	116	123	142	2	1	1	1
493130	Farm Product Warehousing and Storage	16	21	12	14	1	1	1	1
493190	Other Warehousing and Storage	7	9	8	9	1	1	1	2

Appendix E Chart of Industrial Change Areas- Recent Proposals

Geographic Areas	Existing Uses	Expected Trends	Current Applications
<p>West Oakland/District 3</p> <p>Mandela Parkway (east side 14th to West Grand) , including Carnation, American Steel, and Pacific Pipe facilities</p>	<p>Limited trucking, warehouse & distribution, recycling, light manufacturing, and some non-conforming general industrial uses, newspaper distribution, recycling, Manufacturing (Food processing).</p>	<p>A specific plan could be required for any change to any of these areas due to the potential magnitude of the project, potential loss of jobs for local residents, and the necessity to review overall upgrades and improvements in the area to serve added density. The Upper Mandela Area (bounded by Mandela Parkway, Wood Streets, West Grand and the City of Emeryville border, is expected to remain in commercial/light industrial uses.</p>	<p>1 <i>Wood Street</i> Status: Adopted EIR, Proposed General Plan Designation and Rezoning Description: Thirty-acre former 16th Street Amtrak Station and adjacent rail yards. Up to 1,550 residential units and 30,000 sf commercial space requires a rezoning and general plan amendment. 2. <i>West End Commons</i>. Status: Under Construction Description: 91 Work Live townhouse units, under construction currently.</p>
<p>3rd Street Corridor</p>	<p>Warehouse & distribution, trucking offices, truck yards and new truck sales, wholesale sales, professional offices</p>	<p>Continuing industrial uses with potential for new commercial uses</p>	<p><i>None</i></p>
<p>Coliseum Redevelopment Area: District 4</p>	<p>Existing Uses</p>	<p>Expected Trends</p>	<p>Current Applications</p>
<p>Oak to Ninth, Ninth to Embarcadero Cove</p>	<p>9th St Terminal to Park Street Bridge- and multiple distribution and storage and construction-related uses and larger industrial single-user facilities (Con-Agra)</p>	<p>Continuing development of Waterfront Bay Trail. Anticipated retention of 5th Avenue (artist area).</p>	<p><i>Oak to Ninth</i> Status: Applied for Environmental Review. Development pre-application and community meetings. Description: Specific Plan area under pre-application proposed the development of 3,100 residential units and 200,000 sf commercial. Site currently houses industrial uses including boat related uses.</p>
<p>Denison St/Embarcadero Cove</p>	<p>Med scale food-related warehouse distribution & bakeries, warehousing for local retailers (Evolution), County Hazardous Material transfer station, some work-live, cafe and one school (Beacon Day School).</p>	<p>Continued mixed-use area, with retention of warehouses near I-880.</p>	<p><i>Estuary Cove</i> Status: Pre-Application Description: 149 single family units, 39,000 sf commercial, 164 parking</p>

Appendix E Chart of Industrial Change Areas- Recent Proposals

Kennedy Tract	Estuary "Residential Mixed Use". Large warehouses (customs freight, Oakland Museum warehouse) and manufacturers (design & fabrication firms, food processing) plus substantial new residential and work live development and cafes.	Continued escalation of area as residential with some commercial amenities.	1. <i>The Estuary</i> Status- Under Construction, units for sale Description: 100 residential units 2. <i>Boathouse Lofts</i> Status: <i>Completed</i> Description: 35 Work Live units 3. <i>Harbor Walk</i> Status: Under Construction Description: 81 residential units 2. <i>Cotton Mill Studios</i> (E of I-880) 74 Work Live Units
Tidewater/High Street	The Estuary Plan allows development in uses similar to the Edgewater Tidewater area fronting the Estuary, while consideration of more appropriate commercial-industrial uses along the I-880 edge is desirable. New development would, at a minimum, require improved water service, new street paving (Tidewater is currently not a city street), business relocation and toxic remediation.	Opportunity for more unified type of commercial/light industrial development that considers a mixed use or residential use at the waterfront compatible with Waterfront Bay Trail improvements.	Non-Industrial Projects: None. No applications have been submitted but there is considerable interest in residential uses along the water once the Waterfront Trail is implemented in this area. Redevelopment Staff are conducting research into the best alternatives for this area, including a commercial/light industrial alternative for the area directly bounding the I-880 Freeway.
East 12th Street/ 29th Avenue	This area is adjacent to the Jingtowntown neighborhood bordering the rail lines. Contains warehousing (refrigerated container facilities), as well as metal fabricators, auto uses, manufacturers, warehousing and the city's Animal Shelter. Opposite new school on E.12 th St.	Opportunity for enhanced commercial along E. 12 th Street. Portion of E 12 th north of Cesar Chavez School (25 th Avenue) continued use by commercial including auto, contractor services and supply, light machine fabricators.	<i>Fruitvale Gateway.</i> Status: Pre-Application and Environmental Review in process. Description: 880 residential units in five complexes of up to 6 stories each, with one 11-story tower proposed. Some commercial at 29 th Avenue and long ground floor of each complex.
Coliseum Redevelopment Area: District 5	Existing Uses	Expected Trends	Current Applications
57th Avenue	Gatorade (Food Processing) former GE site, brownfield- now vacant; other warehouse and industrial users and some work live converted facilities.	Continue in industrial uses. City supported street improvements and water supply infrastructure to continue industrial uses. Former Safeway building continues to improve towards commercial uses (Work Live etc)	None

Appendix E Chart of Industrial Change Areas- Recent Proposals

<p>Coliseum Gardens</p>	<p>Area includes the north side of 66th Avenue through 75th Avenue. Includes Fruitvale Business Park, an active industrial park with a singular entrance off 66th Avenue. South of the BART parking lot areas is small parcel industrial uses, auto uses and on 77th Avenue a large-parcel industrial area begins, bounded by Smurfit (recycler) furniture assembly, truck and container storage and other large scale industrial uses. A large AC transit corporation yard borders San Leandro Street to the north of 75th Avenue (check location). Across San Leandro on the west is warehousing and recycling, in an area already designated for Regional Commercial by the 1998 General Plan.</p>	<p>The changes expected to occur on the east side of San Leandro Street are occurring now</p>	<p>1. <i>Coliseum Gardens</i> (Oakland Housing Authority- EBALDC non profit developer) Status: Already entitled, under construction Description: Total of 283 housing units, 7,500 sf civic and commercial, and rehab of a park. Project includes the site of a former industrial user (recycler) who has now moved to the Tidewater area. 2. <i>Oakland Economic Development Corporation</i> (OEDC) is working on future plans for mixed use at the BART Station site and regional commercial uses on the south side of San Leandro St, adjacent to the Coliseum.</p>
<p>Coliseum Redevelopment Area District 6</p>	<p>Existing Uses</p>	<p>Expected Trends</p>	<p>Current Applications</p>
<p>Elmhurst / 81st – 85th Avenue</p>	<p>A new Library will be developed next to Sconza on 81st Avenue, adjoining an elementary school. Manufacturers like Sconza Candy need additional room in which to expand in order to continue operations. This area also includes an industrial area on the west side of San Leandro Street and Railroad Avenue, which has some strong contractor service activities</p>	<p>Large-acre food processing industrial facilities including Mothers Cookies, Sunshine Biscuits, and Sconza Candy, but also houses construction contractor yards and warehouses.</p>	<p>81st Avenue School and Library improvements only- no residential projects.</p>
<p>98th/Elmhurst and San Leandro</p>	<p>Heavy industries, including recycling, optic wire, truck corporation yards, food processing and container storage.</p>	<p>Opportunities for large parcel conversions on east side only where appropriate and can be buffered from adjacent and across the street industrial uses. Trucking will remain on San Leandro Street long-term.</p>	<p>1. <i>Arcata Park-</i> (Pulte Homes) Status: Scoping and preparation of Environmental Impact Report; anticipated June entitlement hearings. Description: 450 single family and townhomes</p>
<p>Pippin/Permain/Edes Avenue (west of San Leandro at City of San Leandro border)</p>	<p>Mix of single family residential, artist studios with heavy material use (sculpture, stone, glass). Other uses include metal recycling, auto, and plating. Stone for sculpture and other artist activities, surrounding a single family neighborhood.</p>	<p>Habitat for Humanity has already been granted a general plan amendment to convert an industrial property on Edes Avenue for residential development.</p>	<p>1. <i>Habitat for Humanity-</i> Edes Avenue Status: Entitlement process completed. Conducting environmental remediation Description: Construction of 26 "sweat equity" affordable single family homes.</p>

Attachment F: Physical, Environmental & Economic Issues regarding Reuse of Industrial Land

Possible Criteria to be used by Planning Commission in Considering Proposals for General Plan Amendment conversions from Industrial to Non-Industrial

Staff will create a list of criteria by which currently projects may be considered for conversion from industrial use to commercial mixed use or residential use, pending direction by the Planning Commission and City Council during the discussion of this report. These criteria should stem from the basic City Council ordained goals of the three “E’s” including considerations of economy (sustainable living wage jobs), social equity, environmental sustainability, livability (safety, comfort, quality of open space, convenience, sense of place), integration into the surrounding community and city, proximity to transportation amenities and public transit. Community benefits of the proposals would be incorporated as items of consideration. In addition, specific items that would be considered include the integration of a proposed project into the existing neighborhood, consideration of whether the existing (industrial) site is underutilized or is a valuable contributor to what should be a protected nonresidential area relative to the local economy should be incorporated into the criteria. Physical criteria such as the construction methods for new residential uses that will buffer receiving noise levels from external existing sources, such as industrial operations, nearby truck routes, etc; configuration of site plans to insure environmental safety for residents, and standards for solid perimeter walls to protect adjacent existing industrial users from encroachment by residential nuisance complaints are also items for consideration as criteria.

Buffering and Industrial Conflicts

The ability of the City to consider granting application for the location of new non-industrial commercial and residential uses at the borders of industrial zones or within industrial zone perimeters will require the protection of those new residents from industrial operational and environmental hazards, as well as the protection of existing industrial businesses’ right to operate. Buffering could include new physical site standards for industrial sites such as solid 8-12 foot walls at borders of residential zones, as well as mitigations for new residential facilities which abut non-residential zones, such as required sound attenuation through window treatments etc. Buffering might also include improved cross-referrals to the Office of Emergency Services (Fire Department) to review the storage processing and disposal of hazardous materials. (See proposed Health and Safety Protection Zone- Proposed New Industrial Zoning discussions –2002-2003).

Brownfields Cleanup

Some industrial lands have soil contaminants which may be contained or restrained in existing soil conditions or capped sites, however such contaminants will require some remediation and/or removal when sites are redeveloped into other uses. Issues include

both the high cost of remediation and the realistic consideration of available funds for such remediation, as well as the impact and consequential mitigation of negative impacts of remediation (ambient dust and exposure to chemicals) on neighboring residents during construction, and even on new project residents if a site is constructed in phases.

Air Quality/ Diesel issues

Currently truck designated routes allow the movement of goods from warehouse and manufacturing facilities within the San Leandro/ I-880 corridor and in West Oakland to and from the freeways, rail and the Port. Oakland's asthma rate, especially the health conditions of residents within the I-880 corridor and in West Oakland, is among the highest in the nation. While smart growth policies naturally steer development along transit and existing transportation corridors, the impact upon resident health, particularly among young children residing in these areas, is undeniable.

Port of Oakland expected Rail Increases for Goods Movement:

The use of rail for cargo goods movement is expected to rise along with anticipated growth of the Port and the desire to decrease use of trucks in the local area. The Port expects rail increases to be heavier on the northbound routes (towards Richmond, passing through Emeryville, Berkeley and El Cerrito). The increase of rail trips will have its own consequence in Oakland, including issues of pedestrian safety in areas such as Jack London, Jingtowntown/Fruitvale and other pedestrian-heavy neighborhoods.

Work Live

Work-Live facilities are typically seen as a possible "buffer" between the residential areas and heavier industrial uses. In practice, however, newly constructed work live lofts are often occupied by persons who do not truly accept the industrial conditions of the neighborhood as it may have existed at the time of the project's conception. In addition to the physical and environmental concerns of loft occupants, there is a radical change to the existing land values in the area of a new loft development. Historically, monthly rental rates in 1994 were nearly double that of typical industrial lease rates (\$0.65 – 0.90 per sf).

Today the rates of sales of work live units, even in industrial areas, can be over \$300/sf. The majority of the Coliseum area work live converted spaces are still rental and more likely to be occupied by people using the space at least partially for work, compared to similar spaces in Jack London and West Oakland. The Zoning Update recommendations of December 2003 were to discontinue the allowance of Work Live conversions in the GIT general-to-heavy industrial zones, while allowing both conversions and new construction Work Live in light industrial zones. The continuing regulation of conditionally allowing work live conversions in general industrial zones must include provisions for the protection of the environment of the occupants, while not jeopardizing the ability of the existing businesses right to operate.

Jobs Housing Balance

The State (Office of Planning & Research-OPR) requires jurisdictions to consider a balance between jobs and housing in its long range plans. While the transition of jobs-generating (industrial) land and the advent of non-job generating activities may displace Oakland's historical balance, the State is encouraging regional balance. Nevertheless analysis of the potential for new jobs from any conversions from industrial to commercial uses *should consider not just the number of jobs, but also the wage levels of jobs from substitute sectors for Oakland's many blue-collar workers.*

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