



CITY OF OAKLAND

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OFFICE OF THE CITY CLERK
OAKLAND

2019 JUL -3 AM 4:07

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Mark Sawicki
Director, Economic &
Workforce Development

SUBJECT: Federal Opportunity Zones
Designation – Impacts and Policy
Considerations

DATE: July 2, 2019

City Administrator Approval

Date: 7/2/19

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On The Federal Opportunity Zones Designation, Potential Impacts For Oakland, And Related Policy Considerations.

EXECUTIVE SUMMARY

The Opportunity Zone (OZ) designation, created through the 2017 Federal Tax Cuts and Jobs Act, is meant to spur economic development and job creation in distressed communities by providing investors with favorable capital gains tax treatment on long-term investments in real estate or a business in qualifying census tracts. This Informational Report briefly describes the OZ designation, its potential effects in Oakland, and staff activity to date engaging with Oakland residents, organizations, and investors on how to best align this new tool with Oakland's values, goals, and priorities.

Due to Oakland's prime location, rising property values, and previously-adopted Specific Plans, the City is well positioned to attract Opportunity Zone investments. At the same time, the current draft Federal Opportunity Zone regulations do not require that Opportunity Zone investments directly provide any community benefits, nor even public reporting of where and when this tax incentive is being used so that its community impacts can be evaluated. While the stated Federal goal for the tax incentive is to benefit populations that have not had increased wealth and job opportunities since the Great Recession, there is nothing in the legislation that ensures this. Rather, there is great concern that this tax incentive may contribute to further displacement and gentrification in communities that are already experiencing rising rents and property values. One of the City's stated policy goals, per Section 2.29.170 of the Oakland Municipal Code, is to facilitate investment that closes the racial wealth gap and intentionally integrates "fair and just" principles to achieve equitable opportunities for all. This report describes certain policy considerations as staff try to align this tool with local regulations and incentives in ways that will attract appropriate and desirable investment to Oakland, while avoiding potential harm to Oakland communities most impacted by racial disparities that negatively impact life outcomes.

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Developer, business, and community interest in Opportunity Zones is high. Many organizations including PolicyLink, Enterprise Community Partners, Accelerator for America, KPMG, Novogradac and others are offering guidance on equitable development in Opportunity Zones. In addition to meeting with community members and local economic development partners, City staff have:

- Participated in regional informational discussions on Opportunity Zone implementation and guidance, and voiced concerns about the potential negative impacts, lack of transparency, criteria, or metrics to guide or evaluate the tax incentive legislation;
- Produced an investment prospectus to communicate the City of Oakland's equitable development goals for projects in Opportunity Zones;
- Outlined a process to prioritize review and provide support for projects consistent with the City's equitable development goals; and
- Identified potential additional resources to support investment with equity outcomes in Oakland.

Staff seeks City Council input on ongoing engagement and regulatory considerations that could more intentionally guide development in Oakland's Opportunity Zones.

BACKGROUND / LEGISLATIVE HISTORY

Federal, State and Local Opportunity Zone Designation

The Opportunity Zone designation, created through the 2017 Tax Cuts and Jobs Act, has a stated intent to spur economic development and job creation in designated qualifying census tracts with both a low median income and at least 30 businesses. The initial legislation is geared toward investors but currently has no provisions to ensure benefits to the communities in the Opportunity Zones. Qualifying investments can be made in either real estate or a business located in an Opportunity Zone. In return, investors may benefit in three ways. First, any prior realized capital gains invested in self-declared Opportunity Funds receive a tax deferral as long as the investment is held, up to 2026. Second, investors receive a step up in basis of up to 15 percent, reducing the eventual tax obligation. Third, if the investment is held for 10 years, investors receive a permanent exclusion from capital gains when it is sold. Opportunity Funds can also shift capital between investments within the Fund without triggering capital gains and tax liability. The IRS and State of California are still issuing draft investment regulations; however, investors are already putting money into funds so they can invest this year and receive the maximum tax benefits.

In early 2018, State Governors were asked to designate 25 percent of all qualifying census tracts as Opportunity Zones. During the State's public comment period, City staff requested a revision of the original proposed OZ designations in Oakland to reduce or eliminate census tracts that are primarily residential so as to protect stressed areas from displacing impacts of speculation. Instead, staff sought designation of the City's commercial and industrial corridors where greater investment in job-generating businesses is being sought. Then-Governor Jerry Brown ultimately designated 30 Oakland census tracts (38 percent of Oakland's 77 qualifying tracts) as part of California's 879 qualified Opportunity Zone tracts. Some, but not all, of the City's requested changes and additional designations were granted.

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Attachment A shows the location of Oakland's Opportunity Zones. The Opportunity Zone designation includes tracts within the areas of the West Oakland Specific Plan, Coliseum Area Specific Plan, International Boulevard Transit-Oriented Development Plan, and portions of the Lake Merritt Station Area Specific Plan. The adopted Plans lay out the vision for investment and development and highlight priority sub-areas.

Under current IRS guidelines, there are no public reporting requirements, so there is no established means for the City to be notified when there is a project or business taking advantage of the Opportunity Zone tax incentive. Therefore, currently, the burden is on State and local governments to try and tie OZ investments to community benefits. The Governor's Office had proposed that the State conform to Federal income tax for capital gains treatment so that OZ investors get an added State tax incentive, but only for certain types of investment such as affordable housing and green technology. Ideally, this should be expanded to include other community benefit-oriented projects, such as grocery stores in food deserts and businesses owned by Blacks, Latinx and women. There are at least four Senate and Assembly bills (Senate Bill 25, Senate Bill 315, Assembly Bill 742, Assembly Bill 791) currently in legislative committees that seek to implement reporting and investment targeting guidelines for Opportunity Zones. Lastly, the State of California hosts an online marketplace with additional resources at <https://opzones.ca.gov/>.

At its meeting of May 21, 2019, City Council adopted Resolution No. 87694 C.M.S. directing the City Administrator to develop a program to encourage and oversee responsible development in Opportunity Zones located in Oakland; and develop an investment prospectus for attracting investors who are committed to strengthening Oakland communities, supporting long-time residents, in parallel with seeking an attractive return on their investment. This Resolution called out the need for more controls and reporting on community benefits. This report is a preliminary response to provide background and solicit input from City Council on potential next steps.

ANALYSIS AND POLICY ALTERNATIVES

Residential Demographics in Opportunity Zones and Real Estate Investment Pressure

About one-quarter of Oakland's population lives in an Opportunity Zone census tract. As shown in Table 1 below, Oakland's Opportunity Zones have significantly higher Latinx and Black populations, a significantly lower White population, a higher renter population, and more people earning below poverty levels than Oakland overall. The residents of Oakland's designated Opportunity Zones have been previously impacted by redlining, urban renewal, predatory lending, the foreclosure crisis, and other exploitative or racially discriminatory public and private investment practices. Thus, it is imperative to not allow this new Opportunity Zone designation to exacerbate existing racialized disparities.

Table 1: Opportunity Zone Resident Race/Ethnicity, Income, and Renter Status

	Latinx	Black	White	Asian	Poverty Rate	Per Capita Income	Renters
US	18%	12%	61%	5%	15%	\$30,088	36%
California	39%	6%	38%	14%	15%	\$31,773	45%
Alameda Co	23%	11%	32%	29%	11%	\$39,925	47%
SF/Oak Metro	22%	7%	40%	25%	10%	\$47,011	46%
Oakland	27%	24%	27%	16%	19%	\$35,847	60%
Oakland OZs	39%	29%	14%	13%	29%	\$21,057	74%

Potential Impact of Opportunity Zone Designation

Oakland's Opportunity Zones are part of a small geography nationwide where property values were already rapidly increasing, and Oakland has already elevated its profile for investors and developers in recent years. On the positive side, the Opportunity Zone designation now increases the potential to also attract investment outside of Downtown and the Broadway corridor, and will make it easier to market proposed real estate developments in East and West Oakland. Local businesses, high-growth businesses, and property owners are also seeking to take advantage of the designation and link up to Opportunity Zone funds.

The number of Opportunity Fund investments likely to occur is currently unknown. An analysis from the Columbia Business School finds that Opportunity Zone designation may create a 4 to 7 percent increase in the equity funding available for a typical multi-family real estate development project.¹ Most investors will continue to pursue deals that would have occurred without the Opportunity Zone designation, especially projects that have already received approvals and entitlements.

The IRS Opportunity Zone guidelines include a "Substantial Improvement" clause requiring that Opportunity Funds invest an amount equal to the current value of an asset, or for real estate, equal to the value of the building. This requirement strongly favors new construction projects over the rehabilitation of existing buildings. However, the San Francisco Business Times reports that an Opportunity Fund was created with the intent to purchase existing apartment buildings in Oakland.²

The Opportunity Zone designation is also likely to attract a new type of investor, including impact investors and local investors seeking to make an impact in their communities, which is an investment sector that staff seeks to cultivate further.

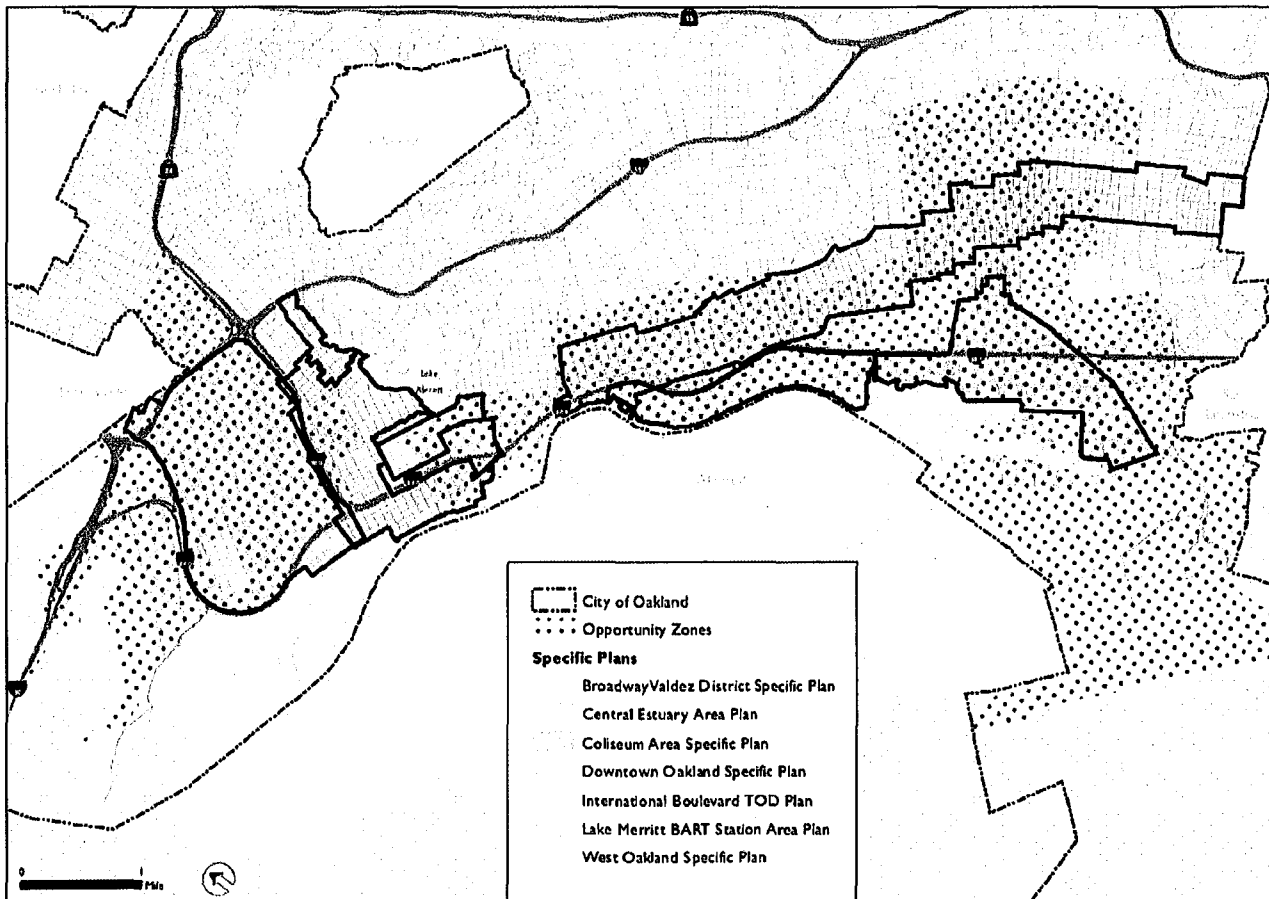
¹ <https://acceleratorforamerica.com/sites/default/files/2019-03/1045am%20Rachel%20Diller%20The%20Real%20Deal.pdf>, Slide 23

² Kelliher, Fiona, "Scion of Lembi real estate empire launches opportunity zone fund to buy up Bay Area apartment buildings," San Francisco Business Times, April 5, 2019
<https://www.bizjournals.com/sanfrancisco/news/2019/04/05/lembi-real-estate-fund-opportunity-zones.html> (subscription required.)

Current Citywide Development Policies and Guardrails

As shown in Figure 2, Oakland has adopted Specific Plans and a Transit-Oriented Development Plan establishing a development vision and guidelines for large areas that significantly overlap with designated Opportunity Zone tracts.

Figure 2: Opportunity Zones and Adopted Specific Plans



Opportunity Zones and Specific Plans

Planning and Building Department
June 11, 2019

Although the Opportunity Zone incentive is intended to benefit low-income communities, the lack of federal restrictions to connect investment to equitable outcomes or limit displacement due to rising rents means that local government policies and regulations are critical. The City has been proactive in the development of housing policies to stem displacement by strengthening regulations around substantial rehabilitation, conversion of single-room occupancy hotels, duplexes and triplexes, along with the designation of additional resources for tenant education and protection. The Opportunity Zone designation heightens the need for effective communication, implementation and enforcement of City regulations, tracking Opportunity Zone investments and impacts, as well as the need to explore commercial

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displacement policies to promote equitable outcomes and create specific guardrails associated with Opportunity Zone investment.

Ongoing City Staff Activities on Opportunity Zones

With this Informational Report, staff is inviting feedback on the City's Opportunity Zone efforts to date, including community and investor engagement, the creation of an Opportunity Zone Investment Prospectus, ongoing efforts to identify and attract new resources to support equitable development, as well as affirmative actions the City can take to prevent and track potential inequitable outcomes, including advocating for legislative policy and regulations at the State and Federal level. Opportunity Zones are still in early implementation stages with investors, developers, and businesses outreaching City staff on adopted programs and incentives the City is offering for Opportunity Zone investments. The Opportunity Zone Prospectus was created to highlight the priorities for Oakland investment that are applicable to the Opportunity Zones and Oakland.

A. Engagement

Staff has identified four tracks for ongoing Opportunity Zone engagement:

1. Outreach and engagement with residents and business representatives in Opportunity Zone tracts regarding the designation, existing regulations, the City's values and priority investments, and potential projects seeking funds.
2. Identification of potential local partners to manage or participate in Opportunity Funds, including local businesses, local fund leaders, and local investors.
3. Communication of Oakland's Opportunity Zone priorities, values, and strategy to a national audience of potential investors and community impact partners.
4. Policy advocacy and guidance from City Council, State and Federal legislators related to tracking Opportunity Zone investments and outcomes, and the need for specific guardrails associated with Opportunity Zone investment and development.

Staff have been reaching out to local community and business development partners and have communicated Oakland's equity and economic development goals at conferences. Staff are currently participating weekly in local Opportunity Zone discussions, including in East Oakland, Central Oakland, and West Oakland, but need to identify or create additional engagement forums to cover the full Opportunity Zone geography and hear from all impacted communities. The City has provided a map and resource page on the City's website at <https://www.oaklandca.gov/resources/designated-opportunity-zones>.

Advocates and residents at community meetings to date have identified desired Opportunity Zone investments including expansion of local businesses, grocery stores, business incubators and marketplaces, businesses that also serve as community gathering spaces and education facilities, and workforce, affordable low and very low income housing to address homelessness and those at risk of becoming homeless. They have also suggested additional Opportunity Zone policies, including additional City Council review, inclusionary zoning, higher development

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impact fees, a zoning overlay, and prioritization of housing for residents and investment for local businesses. A summary of feedback from community meetings is included as **Attachment B**.

B. Opportunity Zone Investment Prospectus

Nationally, cities are encouraged to use an Opportunity Zone Investment Prospectus (OZ Prospectus) to highlight their assets and goals to investors. Staff have created an OZ Prospectus, **Attachment C**, that leads with the Economic Development Strategy goal of reducing racialized wealth disparities. The OZ Prospectus also includes an overview of our local housing regulations and renter protections. It summarizes at a high level the assets, goals, and development opportunities identified through adopted area plans, as well as the City's priorities and values.

In the Oakland OZ Prospectus, staff proposes that investments aligned with Oakland's priorities and values could receive:

- Concierge City services, including a dedicated staff point of contact (Economic Development/Planning) to support development review and permit process
- Priority permit review and processing, particularly for smaller equity-driven projects and businesses

Because of the volume in the City's current development pipeline, this priority permit review should be a significant incentive for Opportunity Zone investments, which only have a 30-month window to deploy their capital, per IRS regulations. This offer is intended to help the City leverage additional community benefits from Opportunity Zone projects.

C. Resources and Support for Creation of a Values-Aligned Local Opportunity Fund

The ideal Opportunity Fund would both fund community priority projects and generate community wealth, including through co-investment by residents, if possible. Staff are currently seeking to facilitate the creation of a Qualifying Opportunity Fund, through philanthropic partnership, to invest in projects consistent with the City's equitable economic development goals, particularly neighborhood stabilization and increasing wealth in communities of color. Two key elements of this proposed fund would be to: 1) favor investments that create community wealth and eventual ownership; and 2) allow community stakeholders without capital gains to co-invest, if possible.

In addition, the City has been offered and is pursuing philanthropic funding to augment staffing resources to help support community engagement, evaluation of projects for social impact and investment readiness, and overall equitable Opportunity Zone investment in Oakland. Through the Americorps VISTA program, the City has already secured two full-time, one-year fellowships for each of the next two years to help conduct community outreach and engagement.

FISCAL IMPACT

This item is for informational purposes only and does not have a direct fiscal impact or cost. Anticipated costs associated with Opportunity Zone investment include additional staff review time, engagement resources, and increased fee revenue if the tax incentive results in additional

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development. It should be noted, however, that the impacts of potential business and residential displacement have indirect costs to City government that are difficult to capture and quantify but are significant none the less.

Staff anticipates receiving philanthropic support for Opportunity Zone-related coordination, policy development, engagement and review.

PUBLIC OUTREACH / INTEREST

Both public and investor interest in the Opportunity Zone tax benefit is high. Staff have met with and heard feedback from local business service organizations, community development corporations, banks, microlenders, representatives of local churches, participants in the East Oakland Neighborhoods Initiative, the Bay Area Council, local investment conferences, and Affordable Housing Week attendees. Engagement around community visions, benefits, priority for locally-driven projects, and generating support for a local Qualified Opportunity Fund should continue through 2019.

Staff have also petitioned State and Federal agencies on proposed Opportunity Zone regulations, the need to be able to identify projects that are capturing tax benefits, the need for reporting on social impact, and prioritizing businesses owned by people of color.

COORDINATION

Staff have formed an Opportunity Zone Working Group that includes the Departments of Economic & Workforce Development, Planning & Building, Race & Equity, Housing & Community Development, Mayor's Office, and the Chief Resilience Officer.

SUSTAINABLE OPPORTUNITIES

Economic: The Opportunity Zone tax incentive increases investor interest in the lowest income census tracts of the City where job and business growth has been stagnant, potentially making property and businesses in those neighborhoods more valuable. The tax incentive may result in increased housing and jobs, but the draft federal guidelines do not currently require that housing or jobs be prioritized for current residents. It creates a new group of place-based investors who may have previously placed their capital gains into other investments. Projects that are investment-ready are more likely to receive funds. The Opportunity Zone tax incentives can be combined with other investment tools for equitable development, including Low Income Housing Tax Credits and New Market Tax Credits.

Environmental: The Opportunity Zone tax benefit makes it easier to finance high density construction near Oakland's Bay Area Rapid Transit (BART) stations and transit-rich areas, consequently resulting in a reduction of greenhouse gas emissions. Some areas within Opportunity Zones are known hazard areas likely to be inundated with sea level rise or built on landfill. Opportunity Zones also include brownfields and other blighted property.

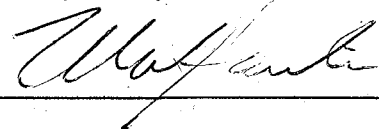
Social Equity: The Opportunity Zone tax benefit incentivizes investment in most parts of Oakland where values were historically depressed due to race-based redlining, concentrations of poverty due to employment discrimination, and in commercial and industrial districts that currently have fewer services and higher vacancies. The impacts of predatory lending, the real estate crash and foreclosure crisis, and subsequent corporate capture of residential properties have fueled lower rates of home ownership, higher rents, and displacement. Effective strategies and policies to assure that long-time residents and legacy businesses benefit from the Opportunity Zone designation will be needed to achieve equitable outcomes.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Informational Report On The Federal Opportunity Zones Designation, Potential Impacts for Oakland, and Related Policy Considerations.

For questions regarding this report, please contact Marisa Raya, Urban Economic Analyst, at (510) 238-6230.

Respectfully submitted,



MARK SAWICKI
Director, Economic & Workforce Development

Reviewed by:

Micah Hinkle, Deputy Director, Economic & Workforce Development

Prepared by:

Marisa Raya, Urban Economic Analyst IV,
Economic & Workforce Development

Attachments (3):

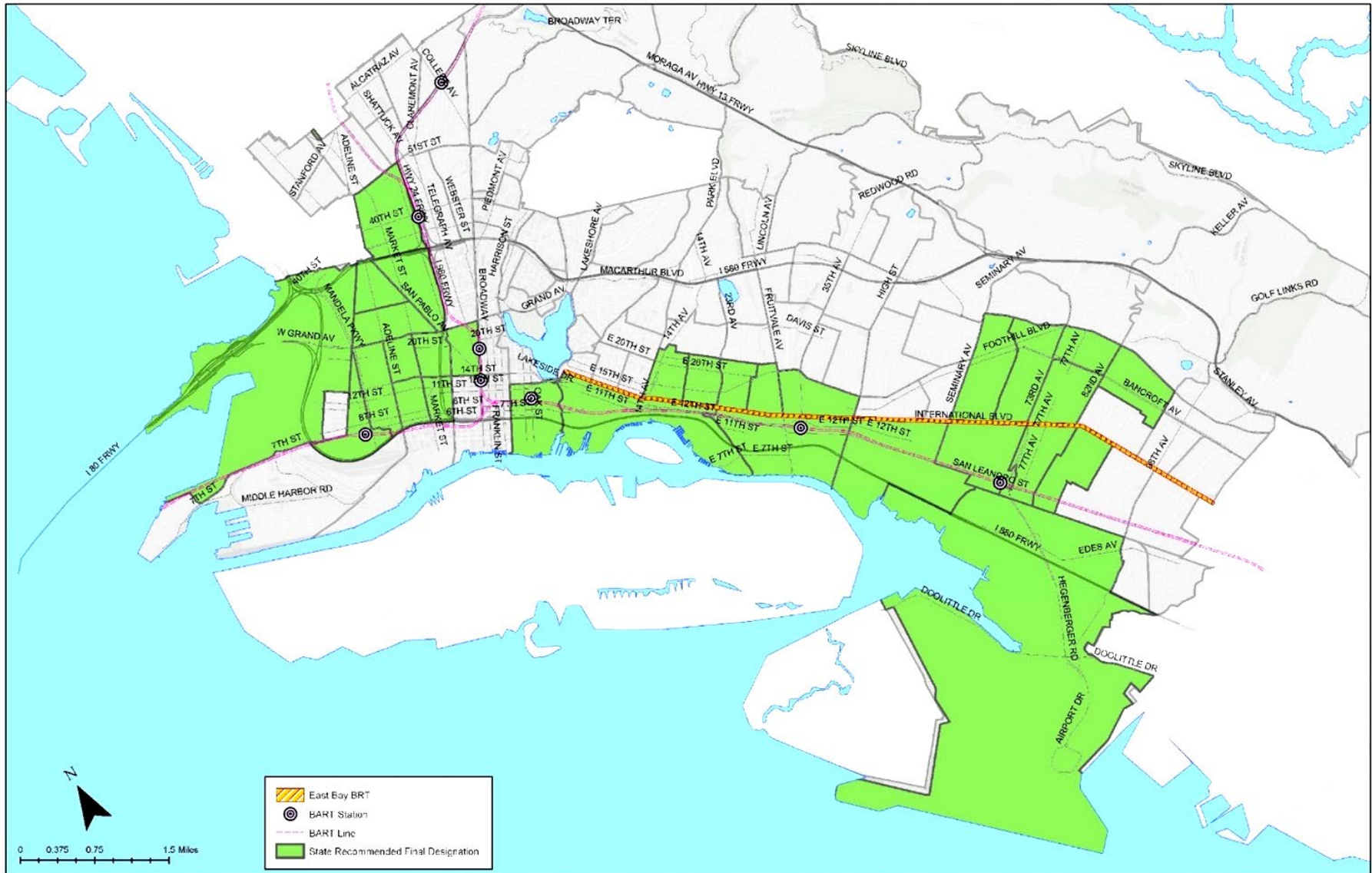
A: Map of Oakland's Opportunity Zones

B: Summary of Community Feedback

C: OZ Investment Prospectus

Attachment A: Oakland's Opportunity Zones

Map available at: <https://www.oaklandca.gov/resources/designated-opportunity-zones>



Attachment B: Feedback on Opportunity Zones from Community Meetings¹

Desired Types of Investment:

- Business Development
 - Require local hire and local jobs-to-hire match
 - Invest in local businesses (especially small businesses)
 - Invest in Black Cultural Zone
 - Provide on-going support for local and small businesses to thrive
 - Create a business incubator
 - Focus on business rather than real estate
 - Occupy vacant retail
 - Invest in businesses owned by people of color
- Renovate vacant buildings
- Housing Improvements
 - Prioritize housing for local residents
 - Mixed-income housing units integrated into community fabric
 - Funding for non-market-rate housing
- Establish an opportunity for residents and business owners to participate in the community investments

Policy/Land Use improvements

- Need for reporting on impact and outcomes
- Consider jobs/housing balance and increase public funding
 - Local housing requirements
- Percentage goes back to local business: use funds generated from above or other value capture strategy into fund for real community benefit like helping small local businesses
- Add inclusionary zoning in OZones
- Higher housing impact fee and commercial linkage fee in Ozones to capture some of the investor's windfall profits
- Capture value with a special tax in the district to cover OZ neighborhoods
 - Tax increment financing district defined as same area as OZones
 - Zoning overlay like Berkeley is proposing
 - Make sure there is City policy approved by City Council before any projects are
 - approved
- Other Suggestions:
 - Invest in schools (i.g. Private and public)

¹ Including Affordable Housing Week, East Oakland Neighborhood Initiative, Richmond Neighborhood Housing Services event at Greenlining Institute, and OZI Bridge event at Beth Eden Church.

- Build affordable housing near schools as community investments and result in local community benefits
- Utilize institutions and their money to leverage OZones
- Lobby for State to not “conform” to O Zone incentives (i.e. offer even more tax benefits w/o community benefits)
- Create incentives for institutions like Kaiser
- Community-Based Oversight Committee to play an advisory role
- Homeless Advocacy and Support
 - Establish a Homeless Navigation Center
 - Homeless can utilize shut-down military housing



OAKLAND



OPPORTUNITY ZONE
INVESTMENT PROSPECTUS

The background image shows the Oakland skyline at dusk. Several construction cranes are visible in the foreground, and a rowing team is on the water in the lower left. The city buildings are silhouetted against the twilight sky.

Welcome to

OAKLAND

Oakland's **diversified economy** has gained national attention as a great place to do business. The City has become a **major destination and employment center** in its own right.

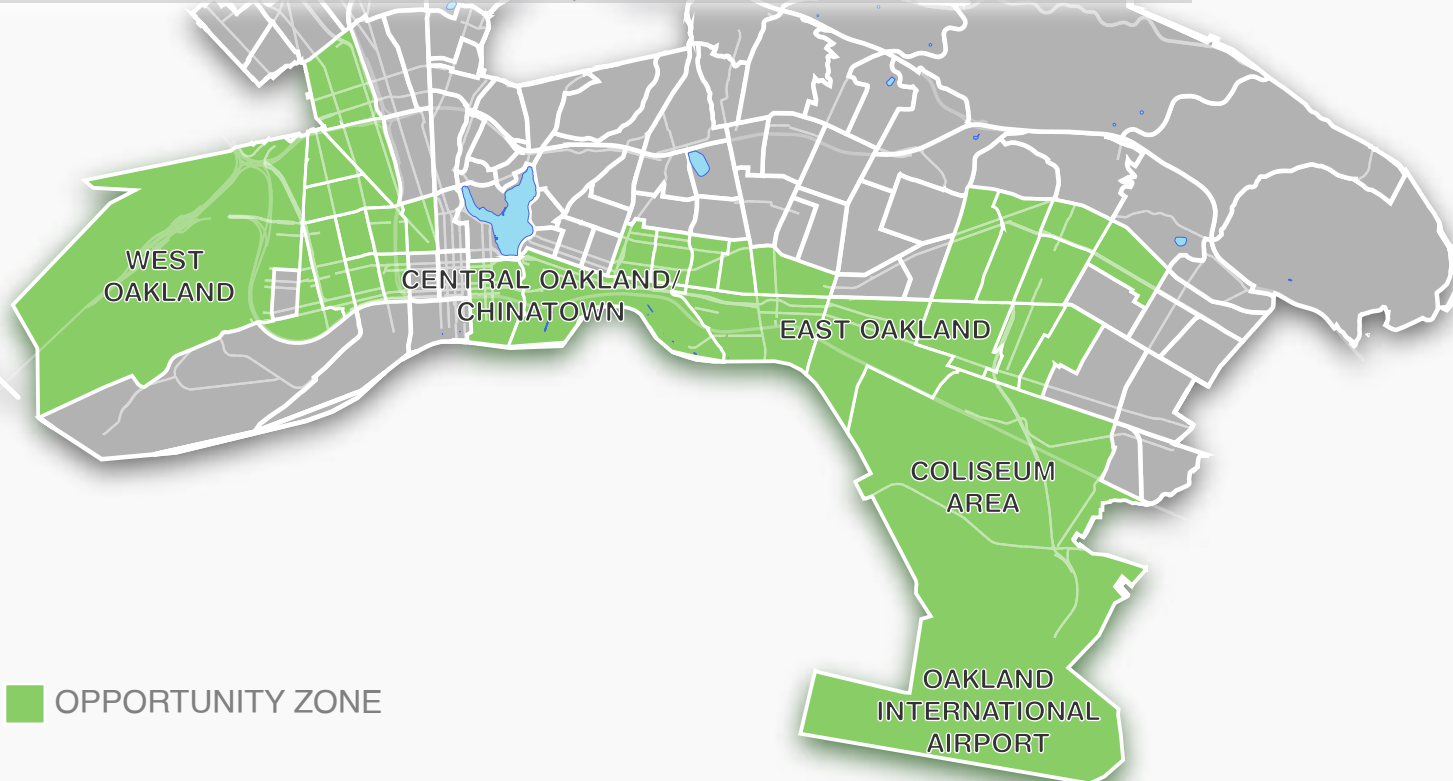
Significant investment has flowed into **Downtown Oakland**, but other areas have not experienced the same level of investment. The City wants to leverage **Opportunity Funds to advance equitable economic development in our 30 Opportunity Zones.**

Adopted Specific Plans for parts of **East and West Oakland** will help guide investment in many Opportunity Zone tracts and add a level of predictability for developers.

Opportunities in OAKLAND

SOURCE 2013-17 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

AREA	WHITE	BLACK	ASIAN	LATINO	POVERTY RATE	PER CAP INCOME	RENTERS	BA OR HIGHER	SOME COLLEGE	NO HS DEGREE	UNDER 18 Y/O	OVER 65 Y/O
O-ZONES	14%	29%	13%	39%	29%	\$21,057	74%	23%	27%	30%	24%	9%
OAKLAND	27%	24%	16%	27%	19%	\$35,847	60%	41%	24%	19%	20%	13%
COUNTY	32%	11%	29%	23%	11%	\$39,925	47%	45%	25%	12%	21%	13%
METRO	40%	7%	25%	22%	10%	\$47,011	46%	47%	25%	11%	20%	14%
CALIFORNIA	38%	6%	14%	39%	15%	\$31,773	45%	33%	29%	18%	23%	13%
US	61%	12%	5%	18%	15%	\$30,088	36%	31%	29%	13%	23%	15%

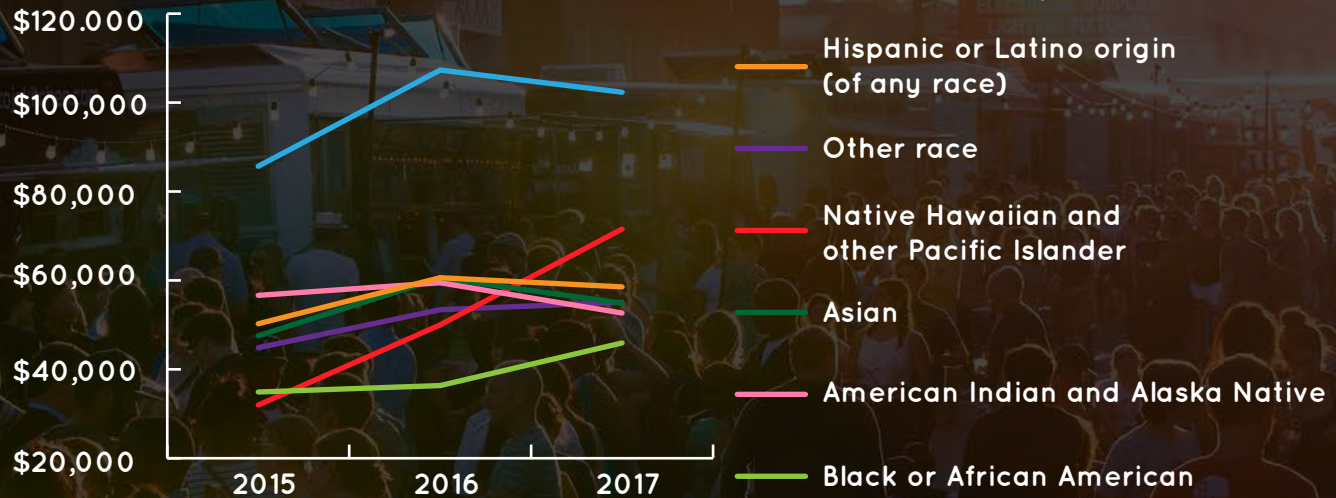


OAKLAND'S GOAL FOR OZ PROJECTS

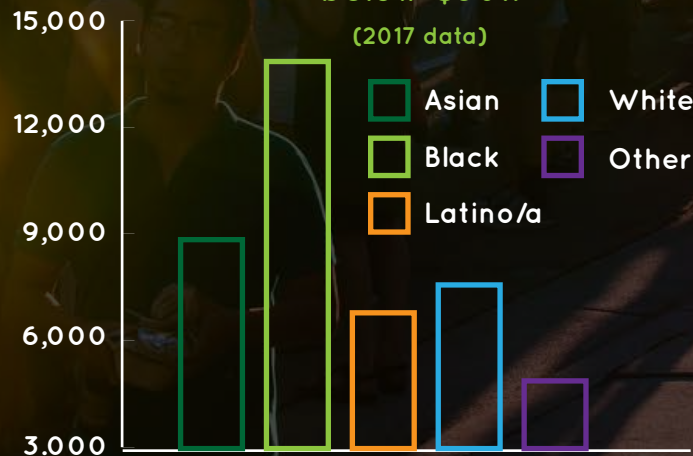
Oakland's location, dynamic culture, and relative affordability have drawn historic investment levels in the last five years.

Our goal is to use the Opportunity Zone designation to *reduce racial wealth disparities through investment that lifts up our long-standing residents and businesses.*

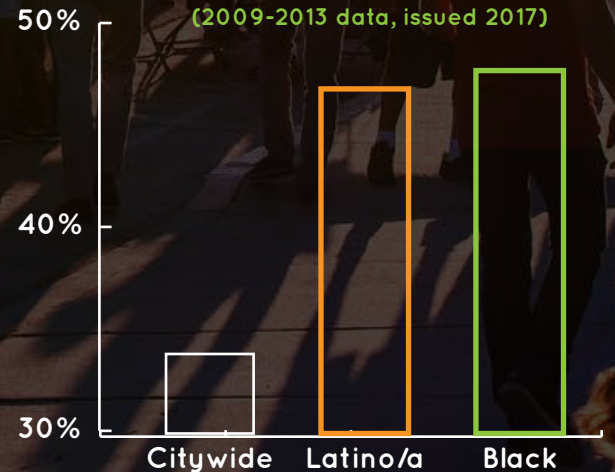
Household median income



of households with income below \$30k (2017 data)



Household asset poverty rate (2009-2013 data, issued 2017)



A low-angle photograph of the Oakland City Hall building, showing its ornate facade and a prominent clock tower at the top. The building is illuminated from below, creating a warm glow against the dark blue sky.

OAKLAND'S PRIORITIES FOR OZ INVESTMENT

01

HOUSING

New affordable and workforce housing production

02

REHAB

Acquisition and rehabilitation of existing affordable housing

03

EQUITY

Investment in businesses and organizations owned or led by people of color and women

04

REVITALIZE

New neighborhood-serving businesses and revitalization of existing commercial districts

05

CULTURE

Projects that support and preserve Oakland's arts and culture communities

06

SUSTAINABLE

High-density commercial and residential projects at transit hubs

OAKLAND'S VALUES FOR OZ PROJECTS



COMMUNITY

Investments that demonstrate community support



WEALTH

Results in community-wealth building



SECURE

Avoid displacement of existing tenants, businesses, and cultural communities



JOBS

Commit to targeted local hire goals



POLICY

Consistent with the City's adopted policy documents (i.e., Specific Plan, ED Strategy, Cultural Plans etc.)

Why
OAKLAND?



Why

OAKLAND?

Celebrated Diversity

Hundreds of festivals and events celebrate culture and history through music, dance, theater, food & community expression.



Why

OAKLAND?

Arts & Culture

Oakland cultivates a thriving arts and culture scene which supports a dynamic urban lifestyle that attracts & retains talent.

Why

OAKLAND?

Recreation

Great climate encourages use of abundant recreational opportunities on the “Sunny Side of the Bay.”



Why

OAKLAND? *Dining*

Sizzling restaurant scene is no longer a local secret, having been chronicled in national and international publications.

A photograph of a dense forest with tall, thin trees and a misty atmosphere. The trees are mostly evergreens, and the ground is covered in ferns and fallen leaves. A path winds through the forest. The overall tone is green and natural.

Why

OAKLAND?

Green Space

Oakland boasts one of the highest percentages of parks and open space per capita in the nation as well as green hills, forests, creeks, an estuary, and two lakes.

Why
OAKLAND?



Convenient access to where workforce talent lives. 1.1 million workers live within a 15-mile radius.

Easy access to Bay Area universities, hospitals, ports, and airports.

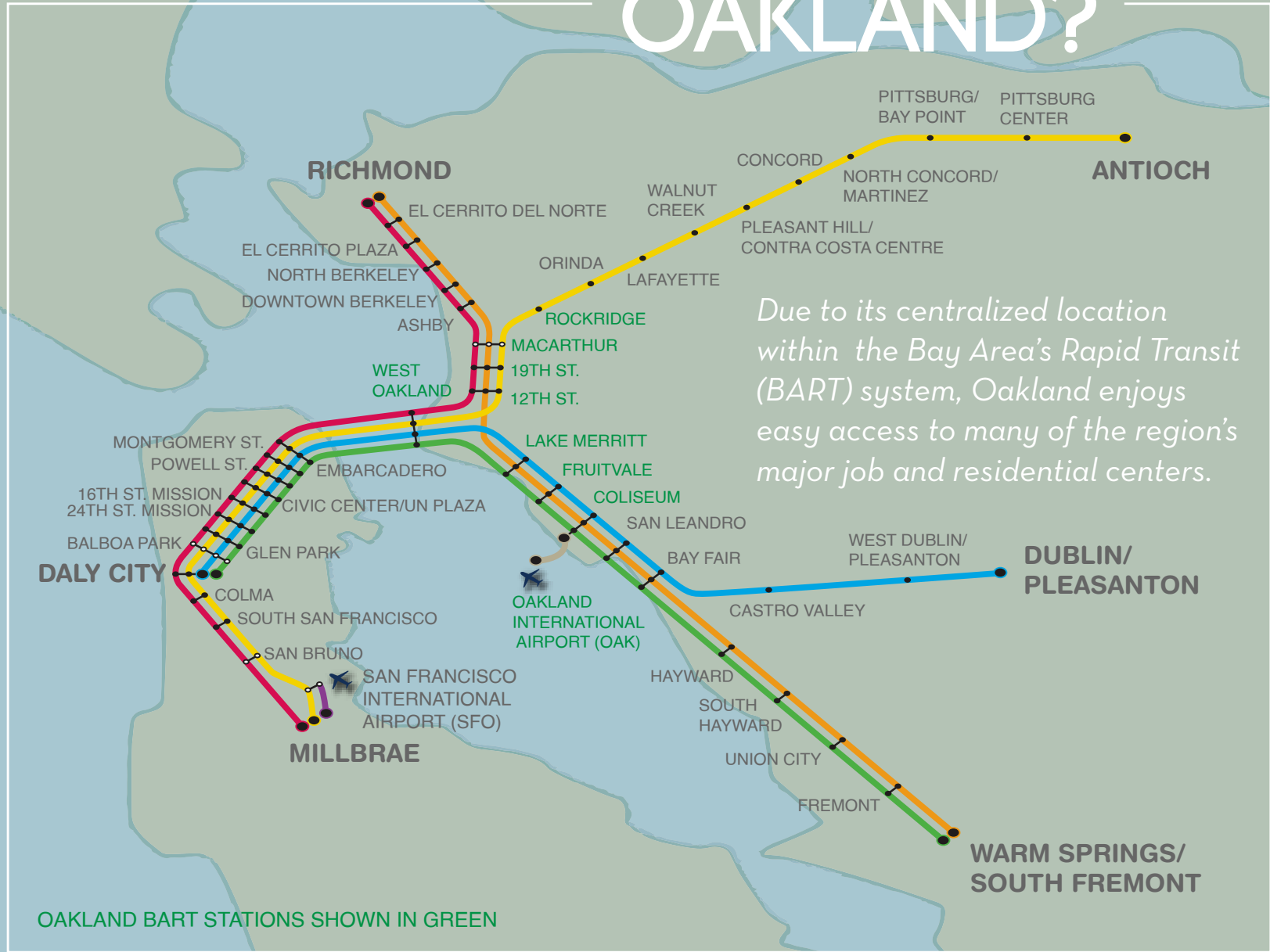

HIGHER
EDUCATION


PORT


MEDICAL
FACILITY


AIRPORT

Why OAKLAND?



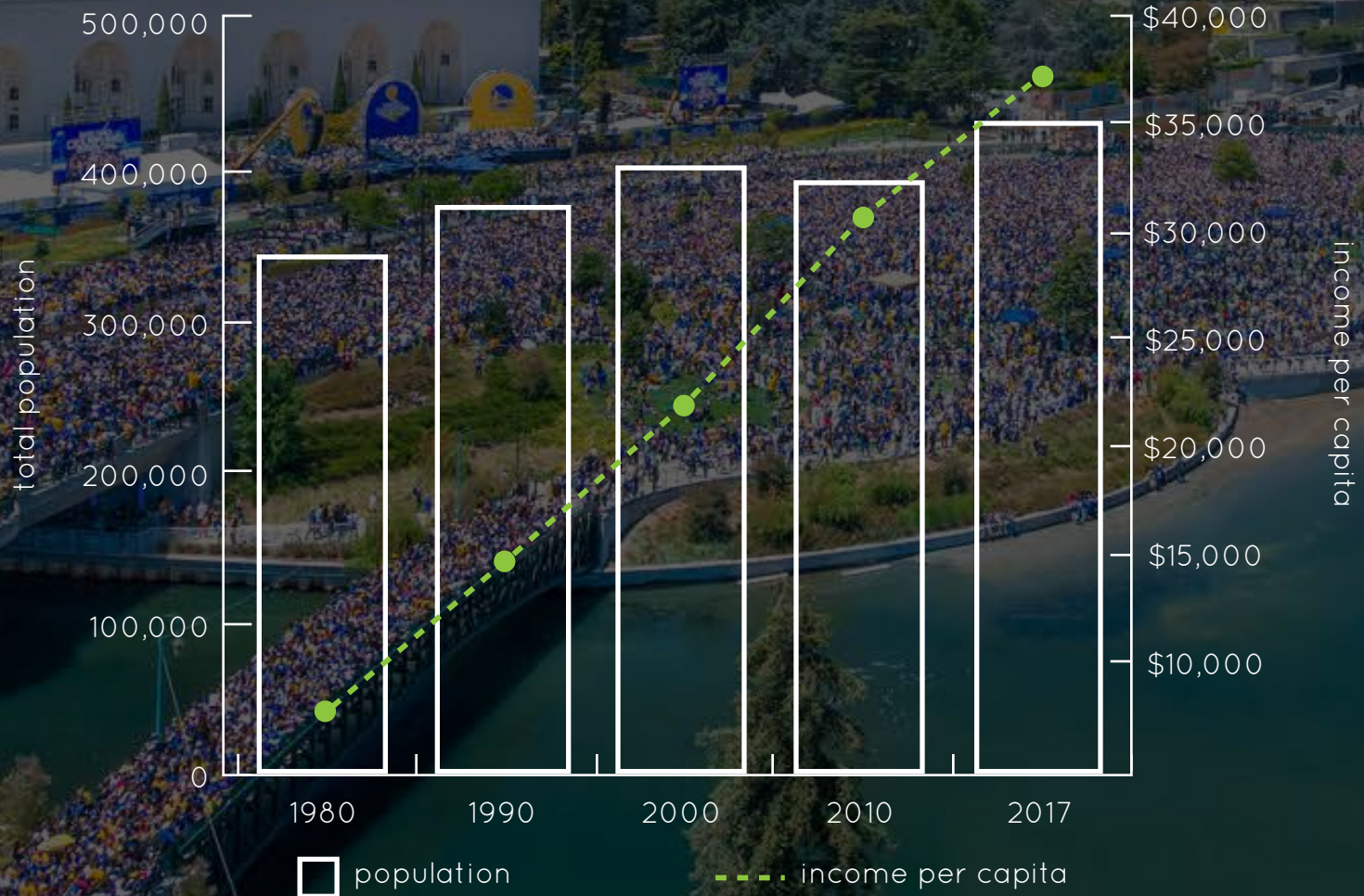
Due to its centralized location within the Bay Area's Rapid Transit (BART) system, Oakland enjoys easy access to many of the region's major job and residential centers.

OAKLAND BART STATIONS SHOWN IN GREEN

Why

OAKLAND?

Oakland's population is growing - the city has seen an 8.8% population increase from 2010. Income per capita has increased by 21% from 2010.



Why

OAKLAND?

Major catalyst projects underway or planned outside of Downtown core.




Oak Knoll

●
Master planned community consisting of **918 residences** nestled in the Oakland Hills



Howard Terminal Stadium

●
34,000-capacity ballpark district to be built along Oakland's Jack London Square waterfront



Brooklyn Basin

●
64-acre mixed-use neighborhood with **3,200 residences** that will transform the Oakland Estuary waterfront

Why

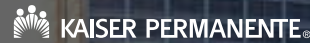
OAKLAND?

Proven returns as demonstrated by recent sales transactions.

PROPERTY	TRANSACTION PRICE	YEAR PURCHASED	TRANSACTION PRICE	YEAR SOLD	% CHANGE
LATHAM SQUARE	\$12M	2014	\$62M	2018	516.7%
1221 BROADWAY	\$110M	2012	\$255.34M	2018	232.1%
1330 BROADWAY	\$80M	2015	\$173M	2018	216.3%
180 GRAND AVE	\$64.2M	2014	\$119.25M	2017	185.7%
505 14TH ST	\$30.15M	2015	\$72.7M	2017	241.1%
UPTOWN STATION	\$24M	2014	\$180M	2017	750%
1440 BROADWAY	\$15.75M	2015	\$25.35M	2016	161%
2001 BROADWAY	\$9.8M	2013	\$19.5M	2016	199%
TRIBUNE TOWER	\$8M	2012	\$20.4M	2016	255%
1500 BROADWAY	\$7.4M	2013	\$36.6	2016	494.6%

Why OAKLAND?

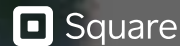
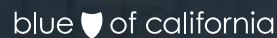
HEADQUARTERED IN OAKLAND



CORPORATE PRESENCE IN OAKLAND



COMING TO OAKLAND IN 2019/2020



Oakland's Opportunity Zones are home to thousands of *small businesses*, including neighborhood-serving retail, restaurants, manufacturers, and startups.

Why

OAKLAND?

Strong demand demonstrated by some of the nation's lowest vacancy rates.

INDUSTRIAL



37.7M

square feet

3.8%

vacancy

\$13.48

rent/ sq ft

OFFICE



15.8M

square feet

9%

vacancy

\$46.54

rent/ sq ft

RETAIL



2.3M

square feet

2.6%

vacancy

\$26.21

rent/ sq ft

Why

OAKLAND?

Completed and ongoing **equitable** projects in Opportunity Zones prior to OZ-designation.

COMMUNITY FOODS MARKET
SAN PABLO AVE.

FOOTHILL-SEMINARY PLAZA
EAST OAKLAND

RESTORE OAKLAND
FRUITVALE

COLISEUM CONNECTIONS
COLISEUM AREA



INVESTMENTS ALIGNED WITH OAKLAND'S VISION RECEIVE



Priority Review

Permit review and processing
priority for approvals



Concierge Services

Single staff point-of-contact to support
development review and permit process

ADDITIONAL WORKFORCE INCENTIVES FOR TARGETED LOCAL HIRING RECEIVE



Hiring and
Recruitment Design



On-the-Job
Training Funds



Targeted Training
Programs to Support
Industry Growth:

- Healthcare
- Tech
- Transportation & Logistics
- Construction

CITYWIDE GUARDRAILS FOR COMMUNITY BENEFITS



Oakland's Healthy Development Guidelines

Reporting requirements on community engagement when applying for development review for projects over a certain size



Rehab Cost Protection

Substantial rehabilitation rules protect tenants and limit costs that can be passed on



Development Impact Fees

Affordable housing, transportation and Capital Projects impact fees, different by zone (Affordable Housing Fees waived for affordable housing projects)



No Single-room Occupancy Building Conversion



Rent Protection for Current Tenants



Short-Term Residential Rentals have a 30-Day Minimum

WEST OAKLAND

Literal heart of the Bay Area and the regional transportation system, a 7-minute BART ride to downtown San Francisco or downtown Oakland, plus biking distance to downtown Oakland.

34

median age

15,000

employees

1,900

acres

25,000

population

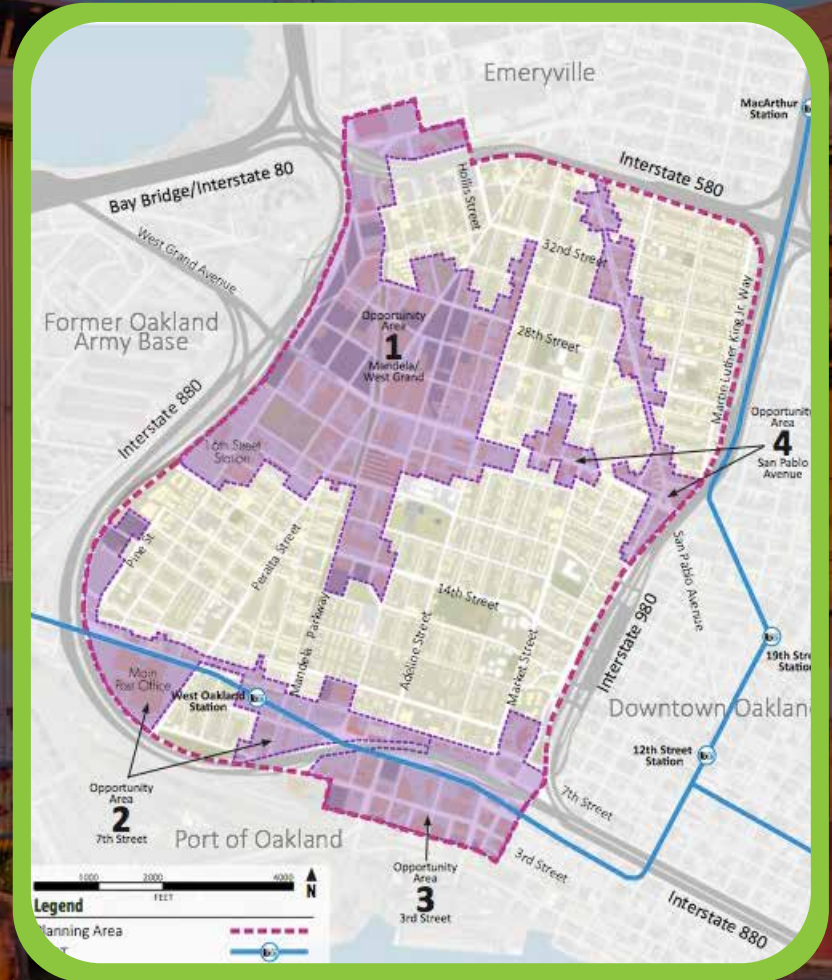
\$41,870

HH income

WEST OAKLAND

West Oakland Specific Plan
provides vision for four
opportunity areas

- 1** **Mandela/West Grand**
354 gross acres including public
right-of-way
- 2** **7th Street**
98 gross acres
- 3** **3rd Street**
Howard Terminal, not in an
Opportunity Zone
- 4** **San Pablo Avenue**
52 gross acres



WEST OAKLAND

Opportunity Areas

MANDELA PARKWAY & WEST GRAND AVE



High density development and restoration of the “Harlem of the West” through growth in local businesses, arts and culture.



Across from BART transit station and all Transbay bus lines; arrival of new businesses including The Crucible, FiveKeys, ZooLabs, 7th West.



Support the growth of new neighborhood-serving commercial activities. West Oakland BART transit village project proposes 800+ housing units with arts and makerspace.



Major business and employment center; zoned to increase job density.



Excellent freeway connectivity, access to the Oakland Global Logistics Center, Port of Oakland and adjacent Oakland/ Emeryville shopping centers.



Invest in a growing mix of businesses to generate high employment at varying skill and educational levels (light industry, tech, clean tech, biotech or R&D).



7TH STREET CORRIDOR

SAN PABLO AVE



One of Oakland’s major Black arts, music and commerce district.



Significant East Bay traffic and transit corridor; historic “Main St.” character connecting Downtown Oakland and Emeryville. Historic California Hotel, Blackbird Universe Recording Studios, New Community Foods Market grocery store/cafe.



Prioritize local businesses and housing that is affordable to low-to-moderate income residents in partnership with active community leadership.

CENTRAL/LAKE MERRITT OAKLAND

A regional draw for shopping and restaurants via BART. Connects Downtown to International Boulevard, the Eastlake neighborhood and Brooklyn Basin. Cultural and recreational assets include Lake Merritt, Oakland Museum of CA, portions of Chinatown's commercial core and a reimagined Kaiser Convention Center.

46

median age

18,000

employees

315

acres

12,000

population

\$27,000

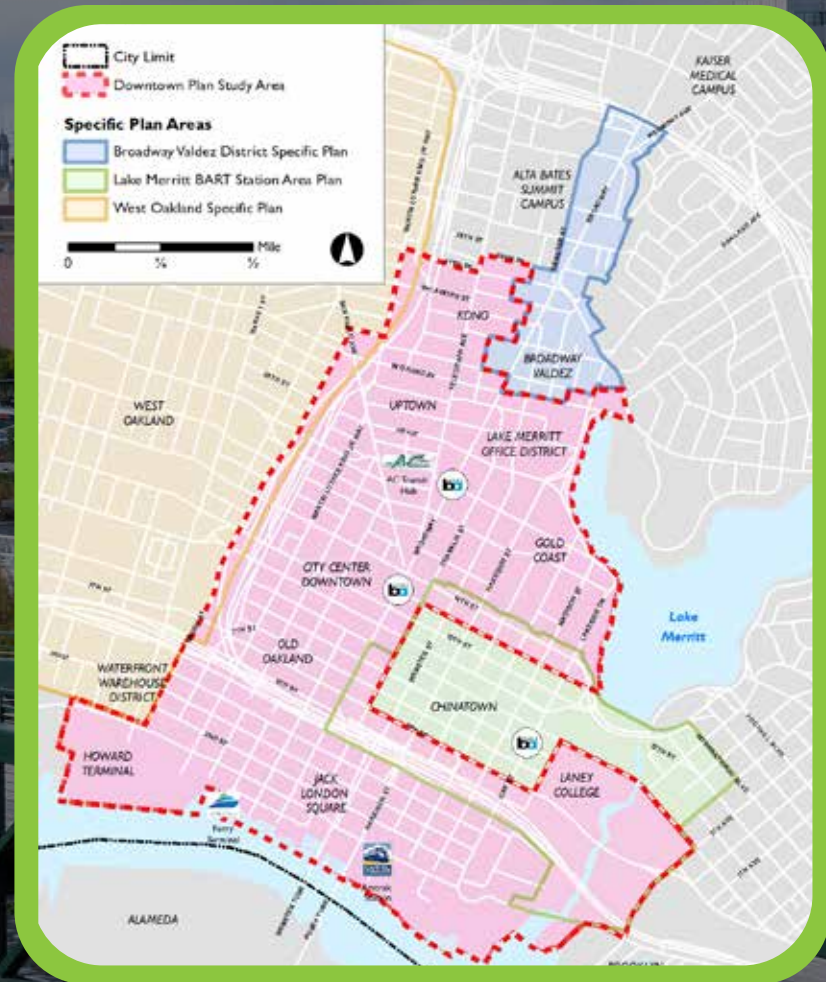
HH income

CENTRAL/LAKE MERRITT OAKLAND

Downtown Oakland Specific Plan and nearby adopted Specific Plans

1 Lake Merritt Station Area

2 Upper Chinatown



CENTRAL/LAKE MERRITT OAKLAND

Opportunity Areas

LAKE MERRITT/ BART STATION AREA



-  Mix of current heights with select high-density housing opportunities and accompanying retail restaurants and commercial and public uses for recreation, education and cultural enrichment.
-  Neighborhood center for community gatherings. International Boulevard Bus Rapid Transit line under construction.
-  Invest in new commercial and housing development in one of the West Coast's largest Chinatown communities.

-  Build on the existing residential and burgeoning retail areas along East 12th Street and International Boulevard.
-  Regional access via the Lake Merritt BART transit station; adjacent to Eastlake neighborhoods and near Brooklyn Basin.
-  Increase mixed-income and mixed-use development on Laney College parking lots and other underutilized space with community uses, housing and retail, addressing college-related demand for housing, retail and night-time draw.



UPPER CHINATOWN DISTRICT

EAST OAKLAND

Catalytic placemaking and placekeeping investments in a diverse retail and industrial corridor served by a new Bus Rapid Transit line.

36

median age

33,748

employees

4,288

acres

127,751

population

\$53,099

HH income

EAST OAKLAND

AC Transit Bus Rapid Transit plan in East Oakland. Plan shows route through major East Oakland neighborhoods.

- 1 International Boulevard
- 2 Fruitvale Neighborhood
- 3 High Street to 82nd Avenue



EAST

OAKLAND

Opportunity Areas

INTERNATIONAL BOULEVARD



Maintain and grow a thriving business district, lead with arts and culture, increase affordable housing for families.



Well-known Latino neighborhood includes major financial institutions, Fruitvale Transit Village and over 350 small businesses in a property-based Business Improvement District.



Invest in a thriving Latino business district, through restoration of major commercial properties and increasing housing for Oakland families.

HIGH STREET TO 82ND AVENUE



Invest and expand in neighborhood commercial hubs including Havenscourt/ Seminary, Coliseum, Elmhurst, and Black Cultural Zone.



9 BRT stations, revitalized Rainbow recreation center, General Electric 24 acres to start EIR for development, EOYDC youth services facility, multiple housing complexes, live/work lofts.



Food businesses, business incubation and development on underutilized properties including vacant lots, retail space and industrial buildings..

10 years of community engagement - East Oakland as series of sustainable affordable neighborhoods.

Primarily commercial corridor with some defined business districts; adjacent to residential and industrial areas. Bus Rapid Transit line under construction to be completed in December 2019.

Invest in vacant land and building opportunity sites around BRT stops.



FRUITVALE

COLISEUM

One of the largest development opportunities on the West Coast, planned for mixed-use residential, retail, hotel, and a science and technology district.

29

median age

18,768

employees

800

acres

33,557

population

\$44,420

HH income

COLISEUM

1

Sub-Area A

High density, mixed-use transit district with retail, residential, entertainment, technology and office uses

2

Sub-Area B

A waterfront district envisioned to be a core location for future science and technology uses, as well as light industrial businesses

3

Sub-Area C

Retail, office and flexible technology and industrial uses that want to co-locate with Sub-Area B

4

Sub-Area D

Hotels, retail and logistic businesses that benefit from proximity to Oakland International Airport

5

Sub-Area E

A waterfront district supporting utilities, habitat and open space recreation; office and warehouse project also in pipeline



COLISEUM

Opportunity Areas

COLISEUM & ORACLE ARENA



Higher density office, industrial and residential development with a focus on sustainability and protecting the urban environment. Entitled up to 8 million square feet of new commercial and office space, up to 5,700 housing units and 875 new hotel rooms. New parks, trails and restored natural habitat.



One of California's largest underdeveloped inner-urban, transit-served areas, with access to multiple transit options and freeways, proximity to Oakland International Airport.



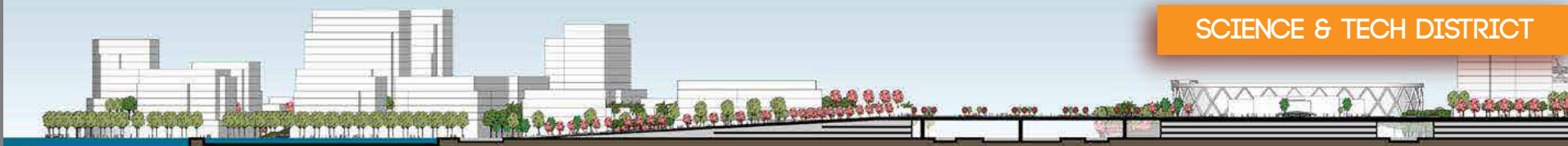
Transform the underutilized land around the Oakland-Alameda County Coliseum and Arena into a world-class entertainment and science & technology district with retail, entertainment, arts, culture, live and work uses.

MIXED-USE DISTRICT



Illustrative Section - Looking North at Transit

SCIENCE & TECH DISTRICT



Illustrative Section - Looking North at Transit at Elevated Podium Concourse

1911 TELEGRAPH AVE

Why

OAKLAND?

*Two prime sites
for high density
commercial
development in
the heart of
thriving Uptown
Oakland.*



1800 SAN PABLO AVE

THANK YOU!

For more information, please contact:

Marisa Raya

Special Projects

**Economic & Workforce Development Department
City of Oakland**

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