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OAKLAND

2019 FEB 14 PM 2:54

# AGENDA REPORT

TO: Sabrina B. Landreth  
City Administrator

FROM: William A. Gilchrist  
Director, PBD

SUBJECT: 0 Mandela Parkway Appeal

DATE: February 4, 2019

City Administrator Approval:

Date:

2/4/19

## RECOMMENDATION

Staff Recommends That The City Council Conduct A Public Hearing And, Upon Conclusion, Consider Adopting A Resolution Denying The Appeal By UNITE HERE Local 2850, And Thus Upholding The Planning Commission's Approval of 1) A Major Conditional Use Permit To Construct A Six-Story Building Consisting Of 220 Rooms Measuring Approximately 142,813 Square Feet Of Floor Area, 2) A Minor Conditional Use Permit For Transient Habitation (Hotels) And Non-Residential Tandem Parking, 3) A Variance Of The Front Setback And 4) Related California Environmental Quality Act (CEQA) Findings For The Proposed Building Located At 0 Mandela Parkway Oakland CA (Project Case No.PLN16394).

## EXECUTIVE SUMMARY

On June 6, 2018, the Oakland Planning Commission approved case number PLN16394, a proposal to construct a six-story building referred to as the "Mandela Hotel," consisting of 220 rooms, measuring approximately 142,813 square feet of floor area with two-levels of underground parking garage and a small open parking area totaling 166 parking spaces (Project).

The item was heard at three Planning Commission meetings in 2018 and was approved at the June 6, 2018 meeting. The associated staff report is attached (**Attachment A**). Following Planning Commission action, an appeal was filed challenging approval of the project by UNITE HERE Local 2850 on the claim that the Commission: 1) abused its discretion by deliberately ignoring Planning Code Section 17.103.050(A)(2), 2) erred in granting a variance for a reduced setback and 3) based its affirmation of the staff's environmental determination on erroneous information (**Attachment B**).

Based on findings made by the Planning Commission, staff recommends that the City Council adopt a resolution denying the appeal, and uphold the Planning Commission's approval of the hotel project.

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## **BACKGROUND / LEGISLATIVE HISTORY**

On November 4, 2016, Architectural Dimensions filed an application with the Bureau of Planning to develop a six-story building, the "Mandela Hotel," consisting of 220 rooms measuring approximately 142,813 square feet of floor area with two-levels of underground parking garage and a small open parking area totaling 166 parking space. The project site is a vacant Cal Trans property, at 0 Mandela Parkway, and is located across from the neighboring property at 3650 Mandela Parkway and next to Beach Street and a Target store. On January 25, 2017, the proposal was presented to the Planning Commission's Design Review Committee (DRC), at which time the DRC recommended that the item move forward to the full Planning Commission for decision with various recommendations for design modifications to the Project.

On January 10, 2018, the Project was presented to the Planning Commission, incorporating changes in response to the DRC's comments and other stakeholder comments. UNITE HERE submitted a comment letter dated January 5, 2018. The Planning Commission continued the application to February 21, 2018 to allow the applicant to address the Commission's comments and directed the applicant to hold a community meeting. On February 21, 2018, the Planning Commission reviewed a response letter and documentation of community meetings that were held by the applicant and community members (**Attachment C**). The Planning Commission continued the item to March 21, 2018.

On March 12, 2018, UNITE HERE submitted an additional comment letter to the Planning Commission claiming the inadequacy of the project's CEQA categorical exemptions on a contaminated site, commenting on the seismic retrofit of the San Francisco-Oakland Bay Bridge Distribution Structure project and questioning why the project site was excluded from the hazardous waste analysis in the 2014 West Oakland Specific Plan EIR. On March 20, 2018, the project environmental consultant, Lamphier-Gregory, submitted a response memorandum on behalf of the City (**Attachment D**).

The application was subsequently continued to an unspecified date at the applicant's written request. After a public hearing on June 6, 2018, and deliberation on the record, the Planning Commission approved the Project (by a 4 – 2 vote). See **Attachment E** for the public notice and **Attachment F** for a copy of the decision letter, which contains the findings and conditions of approval, and an excerpt from the Planning Commission minutes of June 6, 2018.

On June 18, 2018, Ty Hudson, on behalf of *UNITE HERE*, Local 2850 filed an appeal (PLN16-394-A01) of the Planning Commission approval of the Project.

## **ANALYSIS AND POLICY ALTERNATIVES**

The appellant raises the issues identified below. The appellants' full submitted arguments are included as **Attachment B** to this report. More detailed responses to the appellant's issues are contained in the June 6, 2018 Public Hearing Video Record Summary (**Attachment G**) and Lamphier Gregory memorandum December 11, 2018 (**Attachment H**), to this report.

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**Appellant Argument One:** The appellant asserts that the Commission: abused its discretion by deliberately ignoring Planning Code Section 17.103.050(A)(2). The appellant further argues that merely addressing citywide increases in housing supply and potential reductions in unemployment does not address Finding 2 of Section 17.103.050(A). The appellant further asserts that the Commission should have used the methodology in the Commercial; Development Linkage Fee Analysis, prepared September 2001 for the City of Oakland Community Development agency, or the Oakland Affordable Housing Impact Fee Nexus Analysis prepared March 10, 2016 to review the project (**Attachment B**).

**Staff Response One:** The Planning Commission specifically addressed Planning Code Section 17.103.050(A)(2) in their deliberations after hearing the applicant's presentation, public testimony on this issue (including comment from the appellant) and the staff report and recommendations.

The relevant code section is Finding #2 of the mandatory Conditional Use Permit (CUP) Findings for Hotels. It states: "*That the proposal considers the impact of the employees of the hotel or motel on the demand in the City for housing, public transit and social services.*"

The public hearing record documents a broad discussion of this finding and information presented to the Commission about new employment opportunities, wages, the buying power of the minimum wage and housing/services demand as noted below.

1. The project application includes a statement in response to the Hotel and Motel CUP Findings, submitted 11/16/17, which states "*The majority of hotel employees will be local residents and will most likely utilize public transit to commute to work. The employees will receive wages and benefits commiserate with other hotels in Oakland.*"
2. Staff presented the finding for Section 17.103.050(A) in the June 6, 2018 staff report. "*The hotel proposal will provide new employment and help to diversify the economic base of the City by creating approximately 44 permanent jobs. There are housing alternatives as new market rate and affordable residential development have been approved and others are being constructed in the City of Oakland for future residents. The project is located close to existing public transit with AC Transit bus lines running along 40<sup>th</sup> Street and San Pablo Avenue that will provide services to hotel employees. The proposal would not create social services impacts because the new jobs can provide economic opportunities to Oakland residents and help reduce unemployment rate. To help promote jobs and the hiring of local residents, staff recommends a condition of approval". See Condition of Approval # 15.*

Condition of Approval #15 reads:

"Job Local Hiring Recruitment

*Prior to issuance of a demolition, grading, or building permit to construct The applicant shall submit to the City Zoning Manager and Economic Development Manager a written proposal for review that reflects efforts to participate in a job fair that advertises job openings to local Oakland residents qualified for hotel hiring."*

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3. Multiple speakers requested consideration of 1) employment opportunities for local residents including a goal of 90% of new jobs for local residents and 50% of new jobs for West Oakland residents; 2) fair wages as necessary to allow residents to pay rent 3) The link between new jobs and new housing; and need for a written community benefit agreement establishing employment and wage rates.

4. Staff clarified the following points:

- New employment is expected to diversify the employment base.
- Local hiring is supported to mitigate the need for new housing and Condition of Approval #15 addresses this connection between employment and housing.
- Section 17.103.050(A)(2) is a qualitative assessment, and does not require quantitative analysis.
  - Hotels will pay transit and capital impact fees. The City Council did not require affordable housing impact fees for Hotels when adopting impact fee requirements.
- A nexus exists to add a condition of approval supporting a specific wage.

5. Commissioner Meyres introduced discussion of the current minimum wage (\$13.32/hour) and its buying power in the current housing market.

6. The Planning Commission deliberation included discussion of whether to consider a written community benefit agreement. Commissioners questioned whether such an action was within the purview of the Planning Commission.

7. The Commission took action to approve subject to the attached Findings and Conditions with the additional Condition of Approval of a \$15 per hour minimum wage for all operations employees.

The appellant asserts that the Planning Commission should have used the quantitative methodology in the Commercial Development Linkage Fee Analysis prepared September 2001 for the City of Oakland Community Development Agency, and /or the Oakland Affordable Housing Impact Fee Nexus Analysis prepared March 10, 2016 to review the project. Both documents were submitted as part of the appeal (**Attachment B**). However, the City Council, as a matter of policy, excluded hotels from the requirement for paying housing impact fees when affordable housing impact fees were adopted in May 3, 2016, Ordinance No 13366 C.M.S. after consideration of these studies. Absent any additional code requirements for consideration of hotels' contribution to additional housing need, the Planning Commission has no additional tool to apply beyond the qualitative analysis applicable to Section 17.103.0505(A)2. In this context, the appeal on these grounds is untimely, not specific to this case, and would more properly be a challenge to Ordinance No.13366 C.M.S.

The City Staff finds that the Planning Commission action did not abuse its discretion or ignore the Planning Code as evidenced by these excerpts from the record. Planning Code section 17.103.050(A)(2) requires *consideration*, and the Commission's deliberation on testimony fulfilled this code requirement. The Planning Commission's decision to approve the proposal subject to an additional condition requiring \$15.00 per hour wages as a result of this deliberation.

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See **Attachment A** Staff Report Jun 6, 2018 and **Attachment G June 6, 2018 Public Hearing Video Log**).

**Appellant Argument Two:** The Planning Commission erred in granting a variance for a reduced setback. The appeal asserts that the variance is a grant of special privilege because the irregular shape of the parcel is not enough to establish necessity or hardship, and that selecting the Specific Plan standard of building to the property line is inconsistent with the zoning code requirement for a setback.

**Staff Response Two:** Staff made the necessary variance findings in the Staff Report of June 6, 2018, and the Planning Commission adopted them as part of the project approval. It was also noted in the staff report that the variance is limited to a portion of the building: only the stairwell projects 19 feet into the required 20-foot setback.

The required Finding relating to special privilege reads: *"The variance will not constitute a grant of special privilege inconsistent with limitations imposed on similarly zoned properties or inconsistent with the purpose of the zoning regulation". (Sec. 17.148.050(A)(4).*

The Commission found that the variance for the front yard setback of a portion of the building would not constitute a grant of special privilege since the project will function practically for its required purpose: to provide a design solution for a constrained and underutilized site, and will limit impacts to neighboring commercial properties (**Attachment A**).

In addition, an inconsistency between Specific Plan Design Guidelines and standards in the zoning code is not unusual. The Specific Plan indicates a broad policy direction and desired approach to design solutions within an area. Zoning districts may occur in multiple planning areas and may have standards that do not fully implement all design guidelines of various districts. Using a minor variance, subject to mandatory findings, to resolve these differences in favor of a Specific Plan policy is a normal practice and does not constitute a grant of special privilege. In this case, allowing a small portion of the building in the front setback meets the policy objective of having an active street wall element close to the street.

Staff believes that the Planning Commission did not err in implementing a policy provision of the Specific Plan by issuing a variance that provides a better and practical design solution on an irregularly shaped parcel.

**Appellant Argument Three:** The Planning Commission based its affirmation of the staff's environmental determination on erroneous information. The appellant alleges that the Planning Commission's review of the issues was tainted by the City's environmental consultant's presentation of false information to the Commission regarding the level of contamination of the site. The statement raises the argument that the project is not eligible for the CEQA exemptions and streamlining provisions relied on due to site contamination conditions.

**Staff response Three:** This argument is not new to the present appeal action but was raised by UNITE HERE during Planning Commission review of the application, first in a March 12, 2018 comment letter and subsequently at the public hearing. The City's environmental consultant, Lamphier Gregory, responded to this initial comment with a memorandum dated March 20,

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2018 (**Attachment D**), and responded to the appellant's presentation and Planning Commission questions at the public meeting. The Planning Commission deliberated on the issue at the meeting and rejected the assertion that additional environmental review was required.

The appeal raises the argument that the project is not eligible for the CEQA exemptions and streamlining provisions that were relied on for its Planning Commission approval due to site contamination conditions but provides no new information beyond what the Commission already considered.

Lamphier Gregory also prepared a response to the appeal, which is shown in detail in a Memorandum dated December 10, 2018 (**Attachment H**). This report explains that the UNITE HERE Local 2850 argument is a misinterpretation of the data. UNITE HERE argues that the project site is listed in databases of contaminated sites maintained by the State Water Resources Control Board and the Department of Toxic Substances Control, and therefore not eligible for exemptions or streamlined review under CEQA.

The UNITE HERE appeal asserts that the project site is "contaminated with lead and mercury at levels 10 times the threshold for the State's definition of toxic waste." Lamphier Gregory states that this is a misinterpretation of the data in the Kleinfelder environmental assessment (which is included as an appendix to the Mandela Parkway Hotel project CEQA document). This analysis specifically states that:

"metals concentrations [e.g., lead and mercury] from select soil concentrations did not exceed hazardous waste threshold concentrations."

The Kleinfelder report also included a separate comparison of solubility values (STCLs), which are used by waste disposal facilities to classify materials for potential handling, reuse and/or off-haul during construction.

Based on this separate comparison, the Kleinfelder report does indicate that some of the selected soil samples do contain lead and mercury detected above solubility values. However, this solubility value is not 10 times the threshold for the State's definition of toxic waste, but rather approximately 12 percent higher than a value that indicates the potential for metals disposed of in a landfill to leach from soils into the groundwater.

Based on the results of the solubility values, the Kleinfelder report recommends that if soils are to be removed from the site, then subsequent and detailed solubility testing should be performed to determine appropriate disposal methods.

The Kleinfelder report concludes that soil and groundwater on the site, while not exceeding hazardous waste threshold concentrations, have detectable concentrations of select contaminants of concern that may pose a risk to human health and the environment. The Mandela Parkway Hotel project will be subject to, and will be required to follow all applicable laws and regulations pertaining to any necessary remediation activities, transportation, use and storage of hazardous materials, and to safeguard workers and the public. These requirements are found in the City of Oakland's Standard Conditions of Approval (SCAs) for the project, as disclosed in the CEQA Analysis. (see **Attachment H** for the detailed analysis).

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Staff believes that the conclusions in the CEQA analysis are valid and that additional environmental review is not warranted. Therefore, staff recommends the City Council deny the appeal, uphold the Planning Commission's decision, and allow the project to proceed as approved by the Planning Commission.

***Policy Alternatives***

The following options are available to the City Council:

1. Deny the appeal, uphold the Planning Commission's decision, and allow the project to proceed as approved by the Planning Commission (i.e. Staff's recommendation);
2. Deny the appeal, and apply additional Conditions of Approval solely related to the appellate issues;
3. Grant the appeal, reverse the Planning Commission's decision, and thereby deny the project. Under this option, the matter would return to the City Council at a future meeting for adoption of appropriate findings. The applicant would have the option of not pursuing the project or of submitting a new application to the Bureau of Planning;
4. Continue the item to a future meeting for further information or clarification, solely related to the appellate issues; or
5. Refer the matter back to the Planning Commission for further consideration on specific issues/concerns of the City Council, solely related to the appellate issues. Under this option, the appeal would be forwarded back to the City Council for final decision.

**FISCAL IMPACT**

The Project involves a private development and will not require or result in direct costs to the City. If constructed, the project would provide a positive fiscal impact through increased property taxes, lodging taxes, sales taxes, utility user taxes and business license taxes, while at the same time increasing the level of municipal services that must be provided.

**PUBLIC OUTREACH / INTEREST**

The project proposal was publicly noticed for a Planning Commission meeting January 10, 2018, February 21, 2018 and June 6, 2018. Public Notices were sent to all property owners within a 300-foot radius from the property and to interested parties. In addition, public notice signs were posted on the site at least 17-days prior to each meeting. Two community meetings were held by the developer (**Attachment C**). In addition, this appeal was duly noticed by the City Clerk's Office 10-days prior to the City Council meeting. Finally, the Bureau of Planning mailed public notices to property owners within 300 feet from the project site, appellant, applicant and interested parties at least 17-days prior to this meeting. At that time, a public notice was also posted at the project site.

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## COORDINATION

This staff report was reviewed by different City Departments including the Planning & Building Department's Bureau of Planning, the City Attorney's Office, the Finance Department, and the City Administrator's Office.

## SUSTAINABLE OPPORTUNITIES

**Economic:** The development of the Project would increase the sales tax base, raise the property tax for the site due to the proposed improvements, and provide temporary construction jobs, as well as future permanent jobs within the new hotel.

**Environmental:** Developing in already urbanized environments reduces pressure to build on agricultural and other undeveloped land. Sites near mass transit enable residents to reduce dependency on automobiles and further reduce adverse environmental impacts. Development of the project would also result in site remediation.

**Social Equity:** The Project benefits the community by adding increased commercial opportunities in the City of Oakland, as well as temporary jobs during the construction of the project and permanent jobs once the hotel becomes operational.

## CEQA

The project is considered an urban infill project and is in the class of projects that is exempt from CEQA review under CEQA guidelines Section 15332 (Class 32 Exemption), In addition to the Class 32 Exemption, the analysis uses CEQA streamlining and/or tiering provisions under CEQA Guidelines Section 15164 and Section 15183 to tier from the program-level analysis completed in the City of Oakland (City) General Plan Land Use and Transportation Element (LUTE) and its EIR, the West Oakland Redevelopment Plan and its EIR and the West Oakland Specific Plan and its EIR, collectively referred to in the analysis as the "Program EIRs."

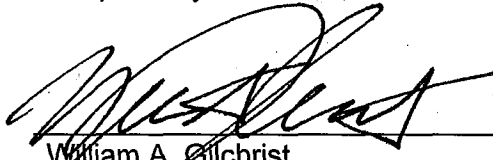


**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council adopt a resolution denying the appeal from UNITE HERE Local 2850 and upholding the Planning Commission's approval of 1) A Major Conditional Use Permit To Construct a Six Story Building Consisting of 220 Rooms Measuring Approximately 142,813 Square Feet of Floor Area, And 2) A Minor Conditional Use Permit for Transient Habitation (Hotels) and Non-residential Tandem Parking Located At 0 Mandela Parkway Oakland CAS (Project Case No. PLN16394) And 3) Related California Environmental Quality Act (CEQA) Findings.

For questions regarding this report, please contact Mike Rivera, project case Planner at (510) 238-6417.

Respectfully submitted,



William A. Gilchrist  
Director, Department of Planning and Building

Reviewed by:  
Ed Manasse, Deputy Director  
Bureau of Planning

Prepared by:  
Mike Rivera, Planner II  
Bureau of Planning/Major Projects

*Attachments (7):*

- A: *June 6, 2018 Planning Commission Staff Report*
- B: *June 18, 2018 Appeal by UNITE HERE Local 2850*
- C: *Verification of Community Meetings*
- D: *March 20, 2018 Memorandum from Environmental Consultant Lamphier Gregory*
- E: *Public Notices*
- F: *Decision Letter*
- G: *June 6, 2018 Public Hearing Video Log*
- H: *December 11, 2018 Appeal Response from Environmental Consultants Lamphier Gregory*

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# OAKLAND CITY COUNCIL

  
City Attorney

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RESOLUTION NO. \_\_\_\_\_ C.M.S.

**A RESOLUTION DENYING THE APPEAL BY UNITE HERE LOCAL 2850, AND THUS UPHOLDING THE OAKLAND CITY PLANNING COMMISSION'S APPROVAL OF 1) A MAJOR CONDITIONAL USE PERMIT TO CONSTRUCT A SIX STORY BUILDING CONSISTING OF 220 ROOMS MEASURING APPROXIMATELY 142,813 SQUARE FEET OF FLOOR AREA, 2) A MINOR CONDITIONAL USE PERMIT FOR TRANSIENT HABITATION (HOTELS) AND NON-RESIDENTIAL TANDEM PARKING, 3) A VARIANCE OF THE FRONT SETBACK AND 4) RELATED CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) FINDINGS FOR THE PROPOSED BUILDING LOCATED AT 0 MANDELA PARKWAY OAKLAND CA (PROJECT CASE NO. PLN16394)**

**WHEREAS**, the project applicant, Architectural Dimensions, filed an application on November 4, 2016 to construct a 220-room transient habitation facility (hotel) of approximately 142,813 square feet at 0 Mandela Parkway; and

**WHEREAS**, the Design Review Committee of the Planning Commission considered the design review aspects of the Project at a duly noticed public meeting on January 25, 2017; and

**WHEREAS**, the City Planning Commission took testimony and considered the Project at its duly noticed public meeting of January 10, 2018; and

**WHEREAS**, UNITE HERE Local 2850 submitted a comment letter dated January 5, 2018 raising issues regarding the CEQA analysis, the required conditional use permit for the hotel, and citing concerns about the impact of the project on housing and about the requested variance for building in the front yard setback; and

**WHEREAS**, after the January 10, 2018 public hearing, the Commission deliberated the matter and voted to continue the item to a date certain on February 21, 2018; and directed the applicant to hold at least one community meeting and to address specific design considerations prior to the anticipated February meeting; and

**WHEREAS**, the project applicant, Architectural Dimensions, conducted community meetings on January 31, 2018 and February 7, 2018, and reported the results of those meetings to the Planning Commission; and

**WHEREAS**, the City Planning Commission took testimony and considered the project at its public meeting of February 21, 2018 and at the conclusion continued the item to a date certain on March 21, 2018; and

**WHEREAS**, UNITE HERE Local 2850 submitted a second letter on March 12, 2018 supplementing their prior comment about the alleged toxicity of the project site, and the CEQA analysis of the

proposal; and

**WHEREAS**, the City's environmental consultant firm, Lampier Gregory, prepared a memorandum responding to the March 12, 2018 comment letter from UNITE HERE Local 2850 for the Planning Commission's review and deliberation; and

**WHEREAS**, the applicant requested additional time to work with community groups and the Planning Commission continued the next hearing on the application until June 6, 2018; and

**WHEREAS**, at a duly noticed public hearing on June 6, 2018 the Planning Commission approved 1) A Major Conditional Use Permit to Construct a Six Story Building Consisting of 220 Rooms Measuring Approximately 142,813 Square Feet of Floor Area, and 2) A Minor Conditional Use Permit for Transient Habitation (Hotels) and Non-residential Tandem Parking and 3) A Variance Of The Front Setback, and 4) Related California Environmental Quality Act (CEQA) Findings For The Proposed Building Located At 0 Mandela Parkway Oakland CA (Project Case PLN16394); and

**WHEREAS** on June 18, 2018, an appeal of the Planning Commission's approval and a statement setting forth the basis of the appeal was filed by Ty Hudson on behalf of UNITE HERE Local 2850; and

**WHEREAS**, after giving due notice to the Appellant, the Applicant, all interested parties and the public, the Appeal came before the City Council at a duly noticed public hearing on February 26, 2019; and

**WHEREAS**, the Appellant, the Applicant, supporters of the application, those opposed to the application and interested neutral parties were given ample opportunity to participate in the public hearing by submittal of oral and/or written comments; and

**WHEREAS**, the public hearing on the Appeal was closed by the City Council on February 26, 2019; now, therefore be it

**RESOLVED:** That, the City Council hereby independently finds and determines that the requirements of the California Environmental Quality Act (CEQA) of 1970, as prescribed by the City of Oakland's environmental review requirements, have been satisfied. Specifically, the Project is considered an urban infill development project, and is in the class of projects that is exempt from CEQA review under CEQA Guidelines Section 15332 (Class 32 exemption). In addition to the Class 32 exemption, the CEQA analysis used CEQA streamlining and/or tiering provisions under CEQA Guidelines Section 15164 and Section 15183 to tier from the program-level analysis completed in the City of Oakland (City) General Plan Land Use and Transportation Element (LUTE) and its Environmental Impact Report (EIR), the West Oakland Redevelopment Plan (Redevelopment Plan) and its EIR, and the West Oakland Specific Plan (WOSP) and its EIR—collectively referred to in the analysis as the "Program EIRs"—which analyzed environmental impacts associated with adoption and implementation of the General Plan, Redevelopment Plan, and the WOSP, and, pursuant to CEQA Guidelines section 15162-15164, each of the foregoing provides a separate and independent basis for CEQA compliance; and be it

**FURTHER RESOLVED:** That, the City Council, having heard, considered and weighed all the evidence in the record presented on behalf of all parties and being fully informed of the Application, the Planning Commission's decision, and the Appeals, finds that the Appellants have **not** shown, by reliance on evidence already contained in the record before the City Planning Commission, that the Planning Commission's decision on June 6, 2018 was made in error, that there was an abuse of discretion by the Planning Commission or that the Commission's decision was not supported by

substantial evidence in the record, based on the June 6, 2018 Staff Report to the Planning Commission and the February 26, 2019 City Council Agenda Report hereby incorporated by reference as if fully set forth herein. Accordingly, the Appeal is denied, the Planning Commission's CEQA Determination is upheld, based upon the June 6, 2018 Staff Report to the City Planning Commission and the February 26 2019 City Council Agenda Report, each of which is hereby separately and independently adopted by this City Council in full; and be it

**FURTHER RESOLVED:** That, in support of the Planning Commission's decision to approve the Project, the City Council affirms and adopts the June 6, 2018 Staff Report to the City Planning Commission (including without limitation the discussion, findings, conclusions and conditions of approval each of which is hereby separately and independently adopted by this Council in full), as well as the February 26, 2019, City Council Agenda Report, (including without limitation the discussion, findings, conclusions and conditions of approval, each of which is hereby separately and independently adopted by this Council in full), except where otherwise expressly stated in this Resolution; and be it

**FURTHER RESOLVED:** That, the City Council finds and determines that this Resolution complies with CEQA and the Environmental Review Officer is directed to cause to be filed a Notice of Exemption and Notice of Determination with the appropriate agencies; and be it

**FURTHER RESOLVED:** That, the record before this Council relating to this application and appeal includes, without limitation, the following:

1. the application, including all accompanying maps and papers;
2. all plans submitted by the Applicant and his representatives;
3. the notice of appeal and all accompanying statements and materials;
4. all final staff reports, final decision letters and other final documentation and information produced by or on behalf of the City, including without limitation any and all related/supporting final materials, and all final notices relating to the application and attendant hearings;
5. all oral and written evidence received by the City Planning Commission and City Council during the public hearings on the appeal; and all written evidence received by relevant City Staff before and during the public hearings on the application and appeal;
6. all matters of common knowledge and all official enactments and acts of the City, including, without limitation (a) the General Plan; (b) Oakland Municipal Code (c) Oakland Planning Code; (d) other applicable City policies and regulations; and, (e) all applicable state and federal laws, rules and regulations; and be it

**FURTHER RESOLVED:** That, the custodians and locations of the documents or other materials which constitute the record of proceedings upon which the City Council's decision is based are respectively: (a) Department of Planning & Building, Bureau of Planning, 250 Frank H. Ogawa Plaza, 2114, Oakland CA.; and (b) Office of the City Clerk, 1 Frank H. Ogawa Plaza, 1<sup>st</sup> floor, Oakland, CA; and be it

**FURTHER RESOLVED:** That, the recitals contained in this Resolution are true and correct and are an integral part of the City Council's decision.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

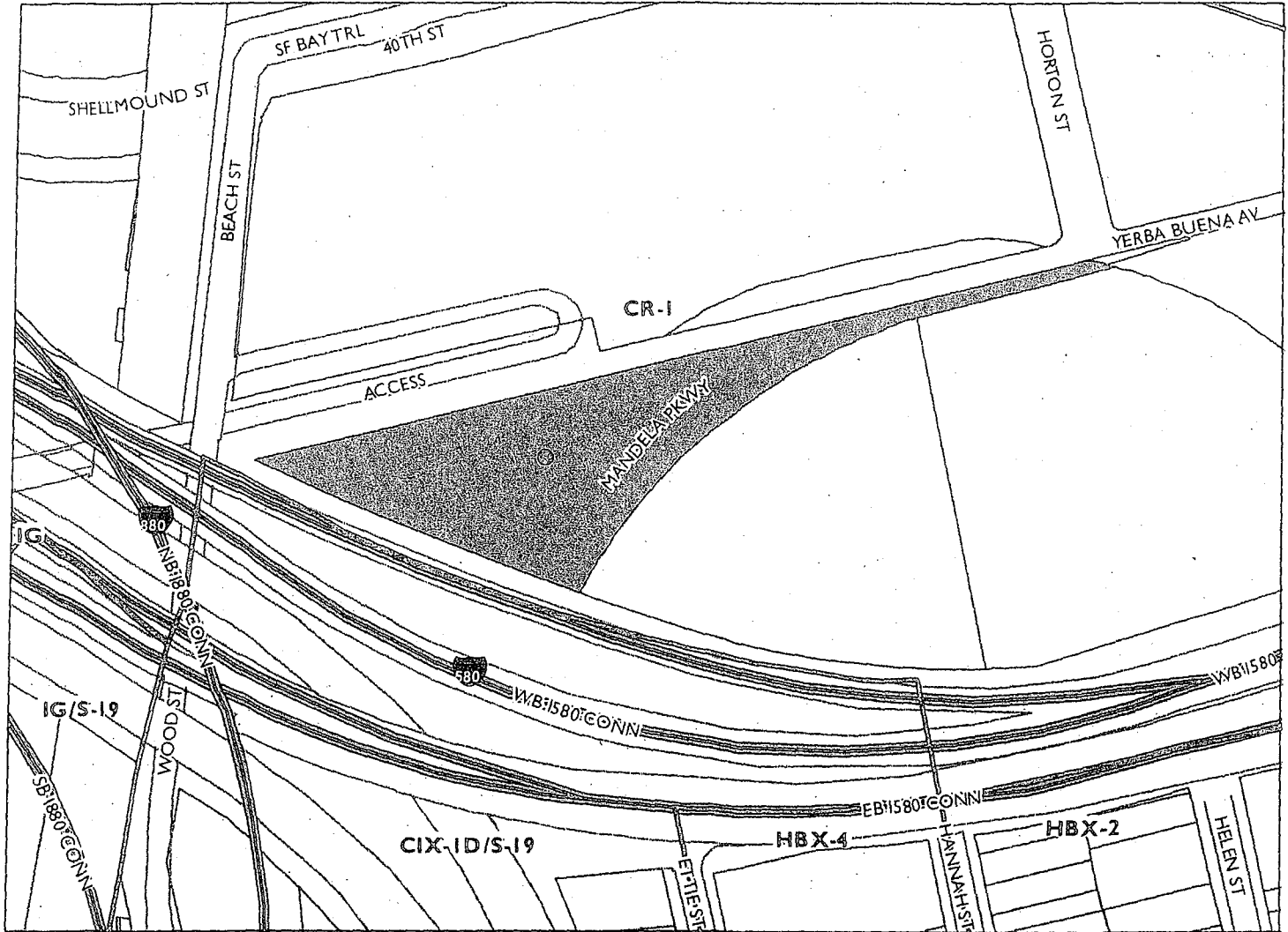
ATTEST: \_\_\_\_\_

LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California

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<b>Location:</b>	0 Mandela Parkway. The vacant parcel is located across from the neighboring property at 3650 Mandela Parkway and next to Beach Street and Target store.
<b>Assessor's Parcel No:</b>	007 061701405
<b>Development Proposal:</b>	To construct a six-story building "Mandela Hotel" consisting of 220 rooms measuring approximately 142,813 square feet of floor area with two-levels of underground parking garage and a small open parking area totaling 166 parking spaces.
<b>Project Applicant / Phone Number:</b>	Joanne Park, lead architect for Architectural Dimensions / (510) 463-8300
<b>Hotel Operators:</b>	Tulsee Nathu & Payal Nathu
<b>Property Owner:</b>	State of California
<b>Case File Number:</b>	PLN16394
<b>Planning Permits Required:</b>	<ol style="list-style-type: none"> <li>1) Major Conditional Use Permit for non-residential projects with more than 25,000 square feet of floor area;</li> <li>2) Minor Conditional Use Permits for transient habitation (Hotels) and non-residential tandem parking;</li> <li>3) Regular Design Review for new building construction; and</li> <li>4) Minor Variance for front yard setback reduction.</li> </ol>
<b>General Plan: Specific Plan</b>	Regional Commercial / West Oakland Specific Plan Area (WOSP)
<b>Zoning District:</b>	CR-1, Regional Commercial Zone
<b>Environmental Determination:</b>	<p>A detailed CEQA (California Environmental Quality Act) Analysis was prepared for this project which concluded that the proposed development satisfies each of the following CEQA Guidelines:</p> <p>(A) 15332- Urban Infill Development; (B) 15183 - Projects Consistent with a Community Plan, General Plan, or Zoning; (C) 15183.3 - Streamlining for Infill Projects; (D) 15164 - Addendum to EIRs; and (E) 15168 and 15180 - Program EIRs and Redevelopment Projects. Each of the foregoing provides a separate and independent basis for CEQA compliance.</p> <p>The CEQA Analysis document may be reviewed at the Bureau of Planning offices, located at 250 Frank Ogawa Plaza, 2nd Floor or online. The CEQA Analysis document for the 0 Mandela Parkway Project can be viewed in the links below:  <a href="http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009157">http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009157</a> (Mandela Parkway CEQA Analysis / Item # 72)</p> <p>The CEQA analysis relied upon in making the Environmental Determination and incorporated by reference within the CEQA Analysis document including the LUTE (Land Use Transportation Element), and West Oakland Redevelopment Plan EIRs that can be viewed here:  <a href="http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009158">http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009158</a> (LUTE / Item #1)  <a href="http://www2.oaklandnet.com/oakca1/groups/ceda/documents/report/dowd007642.pdf">http://www2.oaklandnet.com/oakca1/groups/ceda/documents/report/dowd007642.pdf</a> (West Oakland Redevelopment Plan)</p>
<b>Historic Status:</b>	Non-Historic Property
<b>City Council District:</b>	3
<b>Date Filed:</b>	11/28/16 (revised design plans submitted 12/01/17)
<b>Action to be Taken:</b>	Decision based on staff report
<b>For Further Information:</b>	Contact Project Case Planner, Mike Rivera at (510) 238-6417 or by email at <a href="mailto:mriviera@oaklandnet.com">mriviera@oaklandnet.com</a>

# CITY OF OAKLAND PLANNING COMMISSION



Case File: PLN16394

Applicant: Joanne Park, Lead Architect, Architectural Dimensions

Address: 0 Mandela Parkway. Vacant parcel located across from the neighboring property at 3650 Mandela Parkway and next to Beach St and Target store.

Zone: CR-1

## PROJECT BACKGROUND

On January 10, 2018, the Planning Commission first reviewed the project proposal that included a Staff Report, Findings, CEQA Findings, Conditions of Approval and Design Plans. At that meeting, the applicant was asked to address the Commission's comments and hold a community meeting. The Commission then continued the application to the February 21, 2018 meeting.

On February 21, 2018, the application was continued to the March 21, 2018 meeting. The February 21<sup>st</sup> staff report addressed the comments provided by the Commission and the applicant's efforts by holding the suggested community meetings (**See Attachment II**)

On March 6, 2018, the applicant submitted a second request asking the Planning Commission to continue the application to the April 4, 2018 meeting as they are still working through community benefit issues.

On March 27, 2018, the applicant submitted a third request asking the Planning Commission to continue the application. Due to agenda scheduling, the application was scheduled to the April 2, 2018 meeting as the applicant needed more time to work with the community groups.

On April 20, 2018, the applicant submitted a fourth request asking the Planning Commission to continue the application to the next available meeting. Due to agenda scheduling, the application was scheduled to the June 6, 2018 meeting.

## PUBLIC COMMENTS

On March 12, 2018, UNITE HERE submitted an additional letter addressed to the Planning Commission. In this recent letter (**See Attachment I**) UNITE HERE raises the following issues:

- The inadequacy of the project's CEQA categorical exemptions on a contaminated site,
- Caltrans open case for the seismic retrofit of the San Francisco-Oakland Bay Bridge Distribution Structure project, and
- Why the project site was excluded from the hazardous waste analysis in the 2014 West Oakland Specific Plan EIR.

On March 20, 2018, the project environmental consultant, Lamphier-Gregory submitted a response memorandum on behalf of the City (**See Attachment I**)

Staff believes that this memorandum provides a thorough response and addresses each of the issues raised by UNITE HERE, thus concluding that the project proposal satisfies the provisions for exemptions under the CEQA guidelines. Staff has summarized Lamphier-Gregory's responses as follows:

- The Mandela Hotel project area was part of the former Oakland Terminal Railway (OTR) Site, and included areas where the Best Buy, Extended Stay America hotel properties, including part of the Mandela Parkway that exist today. Between 1990 and 2002 soil and groundwater investigation were made on the entire OTR site, which identified "hot spots" related to former aboveground and underground storage tanks, located east of the proposed Mandela hotel site. These tanks and contaminated soils were disposed off-site and a remedial cleanup process was performed. Because the former OTR site is no longer included in the Cortese list, and the Mandela hotel property was part of the entire OTR site then it is considered a closed case. Therefore, the project site is eligible for applying for a Class 32 exemption under Section 15332 and streamlined environmental review under Section 15183.3.



- The project site was not included in the Seismic Retrofit of the San Francisco-Oakland Bay Bridge structure because a partial area of the Mandela site was identified as a contractor's and vehicle staging area only. The seismic Retrofit work also included the relocation of a main sewer line "the Adeline Interceptor". This sewer line partially crossed over the hotel project site and testing were performed to the soils and groundwater. In addition to the testing made within the Seismic Retrofit project area, two test pits were also performed on the hotel project site, and did not report contamination levels that exceeded the threshold levels for contamination.
- The Mandela hotel project site was included and analyzed in the West Oakland Specific Plan (WOSP) EIR. In the comprehensive Environmental Data Resources (EDR) map report for the Mandela/West Grand Opportunity Area, the Mandela project site was not identified as an open case. The WOSP EIR disclosed cases of suspected contamination sites that are not yet entered in the database of regulatory agency lists. The WOSP EIR also concluded that with the required City's Standard Conditions of Approval and compliance with local, State and federal regulations for treatment of contaminated soils or groundwater, the hazard to the public from hazardous materials sites would be less than significant.

**STAFF RECOMMENDATION**

Staff supports the responses made by the City's CEQA consultant (Lamphier-Gregory) and recommends the Planning Commission also consider the applicant's responses and approve the project based on the original staff report, dated January 10, 2018, including design plans, submitted on December 1, 2018. (See Attachment III)

**ATTACHMENT-I**

- City Consultant, Lamphier-Gregory Memorandum, dated March 20, 2018
- UNITE HERE letters, dated March 12, 2018 and January 5, 2018
- Project Applicant-Architectural Dimension letters (various dates)
- Letter from Gregory Tung, dated January 10, 2018

**ATTACHMENT-II**

- Staff Report, dated February 21, 2018

**ATTACHMENT-III**

Planning Staff Report with design plans (original), dated January 10, 2018



APPEAL FORM

FOR DECISION TO PLANNING COMMISSION, CITY COUNCIL OR HEARING OFFICER

PROJECT INFORMATION

Case No. of Appealed Project: PLN16394
Project Address of Appealed Project: 0 Mandela Parkway
Assigned Case Planner/City Staff: Mike Rivera

APPELLANT INFORMATION:

Printed Name: UNITE HERE Local 2850 Phone Number: 213-509-9114 (cell)
Mailing Address: 1440 Broadway, Ste 208 Alternate Contact Number: 510-893-3181
City/Zip Code Oakland, CA 94612 Representing: Ty Hudson
Email: thudson@unitehere.org

An appeal is hereby submitted on:

- AN ADMINISTRATIVE DECISION (APPEALABLE TO THE CITY PLANNING COMMISSION OR HEARING OFFICER)

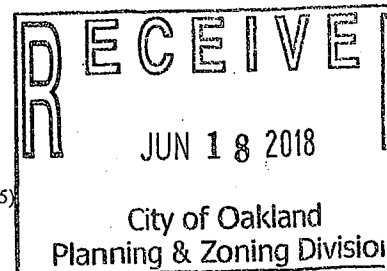
YOU MUST INDICATE ALL THAT APPLY:

- Approving an application on an Administrative Decision
Denying an application for an Administrative Decision
Administrative Determination or Interpretation by the Zoning Administrator
Other (please specify)

Please identify the specific Administrative Decision/Determination Upon Which Your Appeal is Based Pursuant to the Oakland Municipal and Planning Codes listed below:

- Administrative Determination or Interpretation (OPC Sec. 17.132.020)
Determination of General Plan Conformity (OPC Sec. 17.01.080)
Design Review (OPC Sec. 17.136.080)
Small Project Design Review (OPC Sec. 17.136.130)
Minor Conditional Use Permit (OPC Sec. 17.134.060)
Minor Variance (OPC Sec. 17.148.060)
Tentative Parcel Map (OMC Section 16.304.100)
Certain Environmental Determinations (OPC Sec. 17.158.220)
Creek Protection Permit (OMC Sec. 13.16.450)
Creek Determination (OMC Sec. 13.16.460)
City Planner's determination regarding a revocation hearing (OPC Sec. 17.152.080)
Hearing Officer's revocation/impose or amend conditions (OPC Sec. 17.152.150 &/or 17.156.160)
Other (please specify)

(Continued on reverse)



**A DECISION OF THE CITY PLANNING COMMISSION (APPEALABLE TO THE CITY COUNCIL)**       Granting an application to:      OR       Denying an application to:

PLN16394

**YOU MUST INDICATE ALL THAT APPLY:**

Pursuant to the Oakland Municipal and Planning Codes listed below:

- Major Conditional Use Permit (OPC Sec. 17.134.070) (Major + Minor CUPs)
- Major Variance (OPC Sec. 17.148.070) (Minor Variance heard by Planning Commission)
- Design Review (OPC Sec. 17.136.090)
- Tentative Map (OMC Sec. 16.32.090)
- Planned Unit Development (OPC Sec. 17.140.070)
- Environmental Impact Report Certification (OPC Sec. 17.158.220F)
- Rezoning, Landmark Designation, Development Control Map, Law Change (OPC Sec. 17.144.070)
- Revocation/impose or amend conditions (OPC Sec. 17.152.160)
- Revocation of Deemed Approved Status (OPC Sec. 17.156.170)
- Other (please specify) Affirmation of staff's environmental determination

**FOR ANY APPEAL:** An appeal in accordance with the sections of the Oakland Municipal and Planning Codes listed above shall state specifically wherein it is claimed there was an error or abuse of discretion by the Zoning Administrator, other administrative decisionmaker or Commission (Advisory Agency) or wherein their/its decision is not supported by substantial evidence in the record, or in the case of Rezoning, Landmark Designation, Development Control Map, or Law Change by the Commission, shall state specifically wherein it is claimed the Commission erred in its decision. The appeal must be accompanied by the required fee pursuant to the City's Master Fee Schedule.

You must raise each and every issue you wish to appeal on this Appeal Form (or attached additional sheets). Failure to raise each and every issue you wish to challenge/appeal on this Appeal Form (or attached additional sheets), and provide supporting documentation along with this Appeal Form, may preclude you from raising such issues during your appeal and/or in court. However, the appeal will be limited to issues and/or evidence presented to the decision-maker prior to the close of the public hearing/comment period on the matter.

The appeal is based on the following: (Attach additional sheets as needed.)

Please see the attached memo (5 pages), and copies of reports "Commercial Development Linkage Fee Analysis" and "Oakland Affordable Housing Impact Fee News Analysis."

**Supporting Evidence or Documents Attached.** (The appellant must submit all supporting evidence along with this Appeal Form; however, the appeal will be limited evidence presented to the decision-maker prior to the close of the public hearing/comment period on the matter.)

(Continued)

Tanya B. Hudson

Signature of Appellant or Representative of  
Appealing Organization

6/18/18

Date

**TO BE COMPLETED BY STAFF BASED ON APPEAL TYPE AND APPLICABLE FEE**

APPEAL FEE: \$ \_\_\_\_\_

Fees are subject to change without prior notice. The fees charged will be those that are in effect at the time of application submittal. All fees are due at submittal of application.

Date/Time Received Stamp Below:

Below For Staff Use Only

Cashier's Receipt Stamp Below:

# UNITEHERE! Local 2850

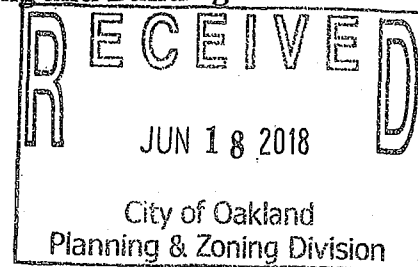
1440 Broadway, Suite 208, Oakland, CA 94612 510/893-3181 Fax: 510/893-5362

To: Oakland City Council, City Clerk, and Director of Planning and Building

From: UNITE HERE Local 2850 

Date: June 15, 2018

Re: Appeal of PLN16394



This memo summarizes the grounds for UNITE HERE Local 2850's appeal of the Planning Commission's approval of the hotel proposed for 0 Mandela Parkway (PLN16394). Local 2850 submitted letters dated January 5<sup>th</sup>, January 10<sup>th</sup>, and March 12<sup>th</sup>, 2018, in opposition to the project and provided comments to the Planning Commission at the public hearings on January 10<sup>th</sup> and June 6<sup>th</sup>, 2018. These previous communications set out in more detail some of the points summarized in this memo, and all of them are included in the grounds for the appeal. This memo will demonstrate that, in multiple ways, the Planning Commission's decision was based on error and abuse of discretion and is not supported by the evidence in the record.

**1. The Planning Commission abused its discretion by deliberately ignoring Planning Code Section 17.103.050(A)(2), because the majority of the Commission apparently does not agree with it.**

Planning Code Section 17.103.050(A)(2) requires that a Conditional Use Permit for a proposed Transient Habitation Commercial activity (hotel) only be granted upon consideration of "the impact of the employees of the hotel or motel on the demand in the City for housing, public transit, and social services." The staff report presented to the Planning Commission addresses this requirement in only the most cursory and dismissive possible way. The report presents the following main points:

1. "There are housing alternatives as new market rate and affordable residential development have been approved and others are being constructed in the City of Oakland for future residents."

This is a non-sequitur. The Code does not ask for consideration of whether or not there is any new housing under development in Oakland, but rather what impact the new hotel jobs will have on the overall demand for housing in the City. Furthermore, the statement implies that, because of new housing construction that is occurring, there is no shortage of available housing in Oakland, including housing affordable to

potentially low-wage hotel workers. This is incredibly tone deaf given the current housing crisis, and everyone paying any attention knows it is false.

2. "The proposal would not create social service impacts because the new jobs can provide economic opportunities to Oakland residents and help reduce unemployment rate."

This statement turns Section 17.103.050(A)(2) on its head. It is possible (though hardly assured) that the new jobs at the hotel will "provide economic opportunities to Oakland residents and help reduce the unemployment rate," but that is not the question. The question is about *the demand created by new low-wage jobs for (affordable) housing and social services*. Planning staff seems to want to bury its head in the sand and ignore the fact that creation of jobs in an area brings new workers and their families to that area, and that low-wage workers (not only the unemployed) often depend on public assistance. The reference to reducing the unemployment rate suggests that all of the jobs at the hotel would be filled by current Oakland residents who are unemployed. Not only is there no evidence for this fanciful assumption, everyone who has been paying any attention to the current housing crisis in the Bay Area knows that this is not how things work. Even if many of the jobs are taken by Oakland residents, the hotel will contribute to cumulative job growth in the region. Furthermore, the statement makes no attempt to consider whether or not the jobs will provide sufficient pay and benefits such that the workers (existing unemployed Oakland residents or not) will not have to rely on public assistance and subsidized affordable housing. The way the staff report addresses these points is essentially a refusal to consider what the Planning Code explicitly requires that it consider.

At the two public hearings, members of the Planning Commission expressed reluctance to consider these impacts and confusion as to how they could possibly do so. But this type of analysis is not novel or unprecedented. In fact, the City of Oakland has recently performed this type of analysis itself. The 2016 nexus study that was conducted to justify the new affordable housing impact fees estimates how much need for affordable housing subsidy results from the creation of new low-wage jobs, like the jobs that would be created by this hotel. (The premise of the study is that market-rate housing development creates demand for new service sector jobs, thereby indirectly creating demand for subsidized affordable housing.) Similarly, a 2001 nexus study prepared for the establishment of commercial "Jobs/Housing" linkage fees calculated the demand for affordable housing subsidy created directly by various types of commercial development, including hotels. Our January 10<sup>th</sup> letter included a calculation of the hotel's potential impact on the demand for subsidized affordable housing, using the methodologies employed in the City's two nexus studies. We estimated that the hotel and its workforce could create the need for between \$2.3 million and \$7.3 million in affordable housing subsidies. (Adjusting for inflation, applying the 2001 nexus study's conclusion to the square footage of the proposed hotel yields an expected impact of over \$2.6 million. This does not account for the astronomical increase in the cost of housing, which far

exceeds the rate of inflation.) Using methodologies from other studies, including a study by the UC Berkeley Labor Center, we also estimated hundreds of thousands of dollars in annual cost to taxpayers for social services such as Medi-Cal and food stamps. The Planning Commission chose to ignore these estimates completely.

Ironically, the Commission acknowledged the relevance of the nexus studies' methodology in its attempt to justify ignoring it. At the June 6<sup>th</sup> public hearing, members of the Commission and Planning staff claimed that the consideration called for by Section 17.103.050(A)(2) was unnecessary because the hotel would be subject to affordable housing impact fees. This is simply not true. The recently established affordable housing impact fees apply only to market-rate housing development, not to commercial development. The commercial "Jobs/Housing" linkage fees for affordable housing that were established in 2001 apply only to office and warehouse development, and not to hotels or retail development. When this falsehood was corrected, the Planning Commission proceeded to ignore the issue. Later, a Planning staff member claimed that no commercial development is subject to impact fees related to affordable housing, which is also not true. Office and warehouse development is subject to a "Jobs/Housing" linkage fee for affordable housing. (All commercial development, including hotels and retail, is subject to linkage fees for transportation and capital improvements, but not for housing.) This falsehood went uncorrected at the hearing.

The exclusion of hotels from housing impact fees was a policy choice made by the City Council. The 2001 nexus study analyzed the impact of office, warehouse, hotel, and retail development on the demand for subsidized affordable housing, but the City Council chose to impose the "Jobs/Housing" fees only on office and warehouse development, and to exempt hotel and retail development. Presumably, this choice was made in an attempt to encourage hotel and retail development. Around the same time, the City Council made another policy decision—currently codified at 17.103.050(A)(2)—to require that hotel projects undergo a project-by-project analysis of their impact on demand for subsidized affordable housing, public transit, and other social services. Taken together, these two policies make a certain amount of sense. The City Council did not want to discourage hotel development by establishing across-the-board fees, but did want each proposed hotel project to be considered in light of its impacts. These policy choices seem to reflect a recognition that hotels can vary widely in terms of the quality of jobs they provide and, therefore, in the impact they create on demand for social services and affordable housing subsidy.

At the June 6<sup>th</sup> public hearing, members of the Planning Commission indicated that they disagree with the City Council's policy choices and that they should not take into consideration the impacts of low-wage jobs at the new hotel. They repeatedly opined that the issues raised by Section 17.103.050(A)(2) are outside of their purview, despite the fact that it is a section of the Planning Code, the application of which is obviously within the purview of the Planning Commission. At least one commissioner expressed that she found it inappropriate to consider the

impacts of low-wage jobs in hotels, since the Commission does not consider the impact of low-wage jobs in other types of development, such as retail. We happen to agree with the notion that the City should consider the impact of low-wage jobs in all sorts of development, but that is not what the law currently says. The law requires such consideration in the case of hotel development, and the Commission refused to uphold that requirement because a majority of the Commissioners apparently disagree with it. The Commission does not have the authority to legislate or to nullify requirements of the Planning Code with which they disagree, and their purporting to do so constitutes an abuse of discretion. For this reason, their decision on PLN16394 should be reversed, and approval of the Conditional Use Permit should not be granted unless and until projects impacts are considered as required by the Code.

## **2. The Planning Commission erred in granting a variance for a reduced setback.**

The applicable zoning district requires a 20-foot front setback from the street, and the project proposes a setback of only 1 foot for a tall, narrow stair tower that juts out from the hotel building to the edge of the sidewalk, requiring a variance from the Planning Code's requirements. In order to approve a variance, the Planning Commission must find, among other things, that the variance does not constitute a special privilege unavailable to other comparable property owners. Other nearby properties in the same zoning district comply with the setback requirement, and there is no evidence in the record to support a finding that the variance would not be a special privilege. While the applicant has made some reference to the "constrained" and "difficult" nature of the triangular parcel, this is not enough to establish any kind of necessity or hardship that would make the reduced setback anything other than a special privilege. In fact, the applicant has stated repeatedly that the variance is not necessary, and has even presented a version of the design plans for the hotel that do not require it.

The main argument used by the applicant and the staff report to justify the reduced setback is that the West Oakland Specific Plan Design Guidelines call for buildings to extend to the sidewalk (with no front setback) in order to maintain and establish a "street wall" along Mandela Parkway: "Site Planning 4: Building Footprint. New construction should be built to the edge of sidewalks to maintain the continuity of the area's street walls." They argue that this inconsistency between this Specific Plan policy and the setback requirements of the zoning district allows them to choose the Specific Plan's development standards over the Planning Code's development standards. This would only make sense if the design of the hotel established anything resembling a "street wall" on Mandela Parkway. In fact, only a narrow portion of the building (a stair tower) extends to the edge of the sidewalk, and most of the building is set back a great distance from the street. The section of Mandela Parkway where the hotel is proposed, north of the I-580 viaduct, has no existing street wall anyway. Furthermore, the same Specific Plan policy they rely on also states "Surface parking is strongly discouraged along frontages facing public



streets." The site plan of the proposed hotel includes surface parking facing Mandela Parkway, in direct contravention of this guideline.

It is absurd to justify a variance from one requirement by reference to another requirement, when the project also fails to comply with the second requirement. The applicant and staff report present no other justification for the variance that would make it anything other than a special privilege. The approval of the variance should be reversed.

### **3. The Planning Commission based its affirmation of the staff's environmental determination on erroneous information.**

We have presented detailed arguments in our previous letters demonstrating that the project is not eligible for the CEQA exemptions it claims. We will not repeat those arguments here, but it is important to point out that the Planning Commission's discussion of this issue was tainted by the City's environmental consultant's presentation of manifestly false information to the Commission regarding the level of contamination of the site.

The consultant repeatedly claimed that the levels of contamination found at the site were below applicable "screening levels." In fact, the soils report completed for the applicant by Kleinfelder found hydrocarbons, arsenic, lead, mercury, and other metals above their respective Environmental Screening Levels or ESL's. Kleinfelder takes pains to note that "ESLs are not regulatory thresholds but guidance levels for determining appropriate levels of risk to human health and the environment." Putting aside the significance of the risk to human health and the environment, the Kleinfelder report clearly contradicts the consultant's claim that the levels of contamination found were below the "screening levels."

The Kleinfelder report also notes that mercury and lead were found at greater than 10 times a threshold called STLC, or soluble threshold limit concentration. Unlike ESL, the STLC is a regulatory threshold, and is part of the State of California's definition of toxic waste. In other words, this site is contaminated with lead and mercury at levels *10 times* the threshold for the State's definition of toxic waste. Again, these facts, which are clearly stated in a report that is included in the staff report, contradict the representations made by the environmental consultant at the July 6<sup>th</sup> public hearing. As such, the Planning Commission's affirmation of the staff's environmental determination should be reversed until these issues can be considered honestly and truthfully. Ultimately, we believe the project should be judged ineligible for exemption from CEQA due to the level of contamination documented at the site.



**HAUSRATH  
ECONOMICS  
GROUP**

**OAKLAND AFFORDABLE HOUSING IMPACT FEE  
NEXUS ANALYSIS**

*Prepared for*  
**CITY OF OAKLAND**

*This Report Prepared by*  
**VERNAZZA WOLFE ASSOCIATES, INC.**

*and*

**HAUSRATH ECONOMICS GROUP**

---

**March 10, 2016**

1212 BROADWAY, SUITE 1500, OAKLAND, CA 94612-1817  
T: 510.839.8383 F: 510.839.8415

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## EXECUTIVE SUMMARY

The City of Oakland seeks to adopt affordable housing impact fees on new market-rate residential development to fund affordable housing development. In order to establish impact fees, nexus studies are required under California law (the Mitigation Fee Act). Nexus studies must establish the reasonable relationship or connection between new development and the impact fee charged. In the case of affordable housing impact fees, the nexus analysis establishes the link between new market-rate residential development, the growth of employment associated with the consumer expenditures of new residents, and the demand for affordable housing to accommodate the new worker households. The impact fee calculations quantify the cost per new market-rate unit to fund the gap between what moderate- and lower-income worker households can pay for housing and the cost to produce that housing.

The peer-validated methodology for an affordable housing nexus analysis is based on generally accepted economic impact modelling techniques. Major steps in the analysis include the following:

- Define housing prototype projects for new market-rate residential development in Oakland.
- Estimate household income distributions of new market-rate owner and renter households in Oakland, their consumer expenditures, and the employment growth in Oakland supported by their increased spending on services and retail goods.
- Estimate the number of new households associated with this job growth (worker households) and their associated household incomes.
- Estimate the number of new worker households that are moderate income or below.
- Calculate the gap between the cost to develop affordable housing and the ability of moderate- and lower-income households to afford that housing (affordability gap).
- Calculate the maximum legal impact fee per market rate housing unit based on the affordability gap for new worker households associated with that unit.

This report describes the nexus analysis methodology and assumptions and presents the nexus calculations. Table 1 summarizes the results of the study; it identifies the **maximum legal affordable housing impact fees** calculated for the different types of housing development in Oakland. Based on the nexus analysis, the City Council can adopt fees at or below the maximum legal fee amounts identified.

**Table 1**  
**Summary of Maximum Legal**  
**Affordable Housing Impact Fees**

<b>Type of Residential Development in Oakland</b>	<b>Maximum Legal Impact Fee Per Dwelling Unit</b>
Single-Family Homes - Urban	\$34,833
Single-Family Homes - Hills	\$81,729
Townhomes - Urban	\$44,693
Townhomes - Hills	\$53,258
Multi-Family - Lower/Mid-Rise	\$35,172
Multi-Family - Mid-Rise	\$39,887
Multi-Family - High-Rise	\$50,804

After reviewing the results of nexus analyses and considering the broad range of local policy goals, decision-makers can adopt fees up to the maximum justified by the nexus analysis. Economic feasibility considerations typically result in adopted fees at levels below the maximum legal amounts to avoid affecting the amount and pace of new housing development. To support development of housing for all income levels, impact fee proposals seek to balance the need for more affordable housing with not impeding the construction of new market-rate housing.

Oakland has already adopted a Jobs-Housing Impact Fee which became effective July 1, 2005 on office and warehouse development for developers to contribute to mitigating the increased demand for affordable housing generated by these types of non-residential development. The adoption of a city-wide affordable housing impact fee program for residential development is one of a number of new initiatives and strategies underway to support new affordable housing production and address a range of housing affordability needs in Oakland.

Revenue from new affordable housing impact fees would be deposited into the City's Affordable Housing Trust Fund. The Trust Fund also collects funds from other sources such as the existing Jobs-Housing Impact Fee and the 25 percent allocation of former redevelopment tax increment funds set aside for affordable housing (i.e., "boomerang funds"). Through the Affordable Housing Trust Fund, the City provides funding to affordable housing projects. Through the Trust Fund, fee revenue can be leveraged by a factor of more than 3:1 to produce more affordable units. It is also possible to provide on-site and/or off-site affordable housing development options as alternatives to payment of the impact fee.

**CITY OF OAKLAND**  
**AFFORDABLE HOUSING IMPACT FEE NEXUS ANALYSIS**

**INTRODUCTION AND APPROACH**

The City of Oakland seeks to adopt city-wide affordable housing impact fees on new market-rate residential development to fund affordable housing development. The intent of the fees would be for developers to contribute to producing affordable housing to offset the impacts of an increase in demand for affordable housing due to increases in consumer spending and employment associated with new market-rate residential development. Oakland has already adopted a Jobs-Housing Impact Fee effective July 1, 2005 which is based on the demand for affordable housing due to employment growth associated with new office and warehouse/distribution developments.

In order to establish impact fees, nexus studies are required under California law (the Mitigation Fee Act). Nexus studies must establish the reasonable relationship or connection between new development and the impact fee that is charged. In the case of residential development, a nexus study establishes and quantifies a reasonable relationship between new market-rate residential development, the growth of employment associated with the consumer expenditures of new residents, and the demand for affordable housing to accommodate the new worker households. Nexus studies for school impact fees, transportation impact fees, and capital facilities fees are common. Although nexus studies for housing impact fees are less common, a peer-validated methodology exists that establishes a connection between the development of market rate housing and the need to expand the supply of affordable housing. This study is based on this methodology.

The approach for this nexus study is to first quantify the household income and spending of the households moving into new market-rate housing developed in Oakland, and then to estimate the number of new workers at various wage levels hired in Oakland as a result of this increase in economic activity in the City. Many of the new jobs will be at lower-wage rates in retail trade and services. Since many lower-wage households cannot reasonably afford to pay for market rate rental and for-sale housing in Oakland, a housing impact fee can be justified to bridge the difference or "gap" between what the new worker households can afford to pay and the costs of developing new housing units for them. This difference is referred to in this study as the "affordability gap."



Figure 1 presents a diagram of the nexus connection between the development of new market-rate housing in Oakland and the associated demand for additional affordable housing.

## Figure 1 Maximum Legal Affordable Housing Impact Fee Nexus Analysis



## NEXUS ANALYSIS METHODOLOGY

The nexus methodology requires a series of linked calculations that are undertaken in four stages. The *first stage* defines the prototypes for new market-rate housing development in Oakland and develops estimates of household incomes for the buyers and renters of the new units. The *second stage* estimates expenditures for retail goods and services by households in the new market-rate housing. The *third stage* estimates the multiplier effects that this new consumer demand would create in terms of employment and labor income within the County, a portion of which can be allocated to the City of Oakland. The *fourth stage* is to estimate the costs of providing housing that is affordable to new worker households in Oakland that are moderate-income and below. The maximum legal affordable housing impact fees are based on those costs.

The ten step-by-step calculations of the four stages are summarized below and detailed in the rest of this report.

### Stage I: New Housing, Households, and Incomes

- STEP 1. Define *prototypes for new market-rate residential development* in Oakland. Seven prototypes span a range of building types and market areas. Unit sizes and sales prices and rents are based on recent projects in Oakland.
- STEP 2. Estimate the *household income distributions* of owner and renter households in new market-rate housing development in Oakland. These incomes are based on current market-rate sales prices and rents and assumptions about the relationship between housing costs and household income.

### Stage II: Household Consumer Expenditures

- STEP 3. After adjustments to gross household incomes to account for the payment of income taxes and savings, compute total *consumer expenditures of buyer and renter households* for each prototype. The economic model used in this study to forecast induced employment impacts (IMPLAN3) provides consumer expenditure estimates within all of Alameda County, not just the City of Oakland.<sup>1,2</sup>

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<sup>1</sup> The multiplier calculations use IMPLAN3, an input-output economic model developed for the national economy that is customized for a regional and county economy as well. It is assumed that buyers of new housing units and renters of new apartment units in the City of Oakland increase demand for goods and services within Alameda County. This demand is based on the projected incomes of these new buyers and renters. IMPLAN3 translates the increased demand to "induced" job growth.

<sup>2</sup> If the multiplier analysis tried to focus only on the City of Oakland, results would not be as accurate. The IMPLAN3 model can provide estimates of expenditures for zip codes. However, zip codes do not accurately conform to Oakland's boundaries and the results is less accurate at the smaller, zip code level.

### Stage III: Multiplier Effects of New Consumer Demand

- STEP 4. Estimate the number of *new jobs supported by the increase in spending* on services and retail goods. The IMPLAN3 model generates an estimate of the number of jobs (direct and induced) by worker income categories that are associated with the spending of resident households for each housing development prototype.<sup>1</sup> The nexus analysis focuses on the induced jobs—those jobs supported by the increase in spending on services and retail goods.
- STEP 5. Identify the *new jobs to be located in Oakland* as a share of the increase in induced jobs as calculated for Alameda County.
- STEP 6. Estimate the number of *new households associated with the induced job growth in Oakland* by dividing the number of new jobs by the average number of workers per household with workers in Oakland.
- STEP 7. Estimate the *household incomes of new worker households*. This calculation assumes the additional worker's income is the same as the initial worker's income defined by the IMPLAN3 model.

### Stage IV: Cost to Provide Affordable Housing and Maximum Legal Fees

- STEP 8. Estimate the number of *new worker households that are moderate-income or below* whose affordable housing needs should be accommodated in Oakland. Since the focus of this housing impact fee analysis is on affordable housing needs, new worker households above moderate income are not carried forward into the final impact calculations.
- STEP 9. Calculate the "*affordability gap*" for households in the different housing affordability categories (moderate-income, low-income, and very low-income). The affordability gap is defined as the difference between the cost to produce new modest housing units and what households with very-low, low-, and moderate- incomes can afford to pay for housing.
- STEP 10. Then, calculate the *maximum legal affordable housing impact fee per unit* by Oakland prototype by dividing the total aggregate affordability gap for a typical project of each prototype by the number of units assumed for that project.

### NEXUS ANALYSIS CALCULATIONS

The following sections describe the nexus analysis calculations, identify assumptions, and present the results. They are ordered according to steps listed above. As identified, Appendix A and Appendix B provide more detailed background on aspects of the analysis.

## **STEP 1: Residential Development Prototypes**

The residential development prototypes establish the types of market rate housing development that are occurring or are expected to occur in Oakland that could potentially be subject to affordable housing impact fees. The prototypes also identify the rents and prices for each expected housing type. While these prototypes are based on actual and proposed developments, they are not intended to represent specific development projects. Instead, they illustrate the types of projects and typical characteristics of new residential development likely to be built in Oakland in the near future.

Based on recent and proposed development, market data, and developer interviews, the Consultant Team constructed rental and for-sale housing prototypes. The for-sale housing prototypes include single-family detached homes and townhomes, with higher and lower market prices depending on submarket and location within the city. The rental housing prototypes include multi-family housing developments at different densities and locations, representing lower/mid-rise, mid-rise, and high-rise apartment developments. Tables 2 and 3 that follow identify the housing prototypes and present the assumptions for unit mix, rents, and prices as of the time of the analysis (mid-2015).

The four single-family detached and townhome development prototypes are described in Table 2.

- ◆ For the *single-family detached* developments, one prototype reflects in-fill homes in the lower price ranges, primarily built in East Oakland. A second prototype consists of larger, more expensive homes built in the Oakland Hills and in Rockridge.
- ◆ For the *townhome* developments, one prototype represents new townhome developments in the lower/mid-level price ranges, primarily being built in West Oakland and nearby parts of North Oakland. The second prototype includes more expensive townhomes built in the North and South Hills.

**Table 2**  
**For-Sale Housing Prototypes: Characteristics and Assumptions**

Housing Type and Location	Percentage by Unit Type / Size	Bedrooms/ Bathrooms	Unit Size (sq. ft.)	Sales Prices (mid-2015)
<b>H-1A: Single-Family Detached Homes</b> Urban Infill/East Oakland primarily	100%	3 BR/3 BA	1,600	\$405,000
<b>H-1B: Single-Family Detached Homes</b> North/South/Lower Hills, Rockridge	100%	4 BR/3 BA	3,000	\$1,240,000
<b>H-2A: Townhomes / Row Houses</b> Urban Infill/West Oakland and parts of North Oakland	25%	2 BR/2 BA	1,185	\$490,000
	65%	2 BR/2.5 BA	1,370	\$520,000
	<u>10%</u>	<u>3 BR/3 BA</u>	<u>1,550</u>	<u>\$575,000</u>
	100%	<i>Weighted Avg:</i>	1,340	\$518,000
<b>H-2B: Townhomes / Row Houses</b> North Hills, South Hills	10%	2 BR/2.5 BA	1,500	\$630,000
	10%	3 BR/3 BA	1,750	\$740,000
	30%	3 BR/3 BA	2,050	\$775,000
	35%	3+ BR/3 BA	2,200	\$800,000
	<u>15%</u>	<u>4 BR/3 BA</u>	<u>2,500</u>	<u>\$850,000</u>
	100%	<i>Weighted Avg:</i>	2,085	\$777,000

Note: Additional description of the residential development prototypes, including examples of recent and proposed projects, is provided in the Economic Feasibility Study Report.

Source: Hausrath Economics Group

The rental housing development prototypes also vary by building type and location, as described in Table 3.

- ◆ **The lower/mid-rise apartment developments** (three to four floors over podium) typically occur in West Oakland, parts of North Oakland, and East Oakland. Apartment rents are generally lower for this prototype than for the higher density multi-family apartment developments.
- ◆ **Mid-rise apartment developments** (typically five to six floors over podium) are being developed in the Greater Downtown (Downtown, Jack London, and Broadway Valdez), parts of North Oakland, and parts of the Estuary Waterfront. This development prototype typically obtains higher rents than the lower/mid-rise prototype described above.
- ◆ **High-rise developments** in prime locations obtain the highest rents. They are primarily located along/near Lake Merritt, along/near the Estuary, and along Broadway in Downtown and the Jack London District.

**Table 3**  
**Rental Housing Prototypes: Characteristics and Assumptions**

Housing Type and Location	Percentage by Unit Type/Size	Bedrooms/ Bathrooms	Unit Size (sq. ft.)	Monthly Rents (mid-2015)
<b>H-3: Lower- and Mid-Rise Apartments</b> (3-4 floors over podium)  West Oakland/ East Oakland/ parts of North Oakland/a/	15%	Studio	400	\$1,500
	45%	1 BR/1 BA	700	\$2,350
	32%	2 BR/2 BA	900	\$2,900
	<u>8%</u>	<u>3 BR/2 BA</u>	<u>1,200</u>	<u>\$4,000</u>
	100%	<i>Weighted Avg:</i>	760	\$2,530
<b>H-4: Mid-Rise Apartment Development</b> (5-6 floors over podium)  Downtown/Jack London/ Broadway Valdez/ parts of North Oakland/a/	17%	Studio	550	\$2,350
	50%	1 BR/1 BA	740	\$2,750
	30%	2 BR/2 BA	1,080	\$3,900
	<u>3%</u>	<u>2+ BR/2 BA</u>	<u>1,200</u>	<u>\$4,400</u>
	100%	<i>Weighted Avg:</i>	825	\$3,080
<b>H-5: High-Rise Apartment Development</b> (Prime Sites)  Downtown/Jack London/Broadway Valdez/ parts of Estuary Waterfront	24%	Studio	550	\$2,700
	50%	1 BR/1 BA	840	\$3,700
	25%	2 BR/2 BA	1,100	\$5,200
	<u>1%</u>	<u>3 BR Penthouse</u>	<u>1,800</u>	<u>\$7,200</u>
	100%	<i>Weighted Avg:</i>	845	\$3,870

Note: Additional description of the residential development prototypes, including examples of recent and proposed projects, is provided in the Economic Feasibility Study Report.

/a/ North Oakland includes several different areas which serve different sub-markets. H-3 developments are occurring in the westerly parts of North Oakland near Emeryville and West Oakland. The H-4 developments are being planned in Rockridge and at 51st and Broadway, oriented for a higher-rent consumer.

Source: Hausrath Economics Group

It should be noted that the slowdown in new residential development that characterized both the state and the nation also impacted the City of Oakland. There was very little, new market-rate residential construction in Oakland during the period 2008-2014, and the housing market recently began showing signs of recovery in 2013-2015.

### **STEP 2: Household Incomes of Buyers and Renters**

The sales prices and rents of the new single-family homes, townhomes, and apartment units are used to estimate the potential incomes of buyers and renters who would move into new units in each of the prototype housing projects. Threshold incomes needed to purchase or rent units are based on standards used in the housing industry. Tables 4 and 5 present information on the estimated household incomes of buyers of single-family detached homes, buyers of townhomes, and renters of apartment units. Income information is estimated for each prototype development.

**Table 4  
Household Income Calculations for Prototype For-Sale Homes**

Unit Type	H-1: Single-Family Detached		H-2: Townhomes / Row Houses							
	A. Urban Infill/ East Oakland primarily	B. North, South, Lower Hills, Rockridge	A. Urban Infill/West Oakland and parts of North Oakland			B. North Hills, South Hills				
	3 BR/3BA	4 BR/3BA	2 BR/ 2 BA	2 BR/ 2.5 BA	3 BR/ 3 BA	2 BR/ 2.5 BA	3 BR/ 3 BA	3 BR/ 3 BA	3+ BR/ 3 BA	4 BR/ 3 BA
<b>Sales Prices (mid-2015)</b>	\$405,000	\$1,240,000	\$490,000	\$520,000	\$575,000	\$630,000	\$740,000	\$775,000	\$800,000	\$850,000
Down Payment/a/	\$81,000	\$248,000	\$98,000	\$104,000	\$115,000	\$126,000	\$148,000	\$155,000	\$160,000	\$170,000
Loan Amount	\$324,000	\$992,000	\$392,000	\$416,000	\$460,000	\$504,000	\$592,000	\$620,000	\$640,000	\$680,000
Monthly Debt Service/b/	\$1,570	\$4,594	\$1,900	\$2,016	\$2,229	\$2,443	\$2,869	\$3,005	\$3,102	\$3,296
Annual Debt Service	\$18,843	\$55,129	\$22,798	\$24,194	\$26,753	\$29,312	\$34,430	\$36,058	\$37,221	\$39,547
Annual Property Taxes/c/	\$4,788	\$14,658	\$5,792	\$6,147	\$6,797	\$7,447	\$8,748	\$9,161	\$9,457	\$10,048
Annual Maintenance Costs/d/	\$4,050	\$12,400	\$5,750	\$5,900	\$6,175	\$7,650	\$8,200	\$8,375	\$8,500	\$8,750
Fire and Hazard Insurance/e/	\$1,418	\$4,340	\$1,715	\$1,820	\$2,013	\$2,205	\$2,590	\$2,713	\$2,800	\$2,975
Annual Costs	\$29,098	\$86,527	\$36,055	\$38,061	\$41,737	\$46,614	\$53,967	\$56,307	\$57,978	\$61,320
<b>Household Income/f/</b>	<b>\$96,994</b>	<b>\$288,424</b>	<b>\$120,184</b>	<b>\$126,869</b>	<b>\$139,124</b>	<b>\$155,379</b>	<b>\$179,890</b>	<b>\$187,689</b>	<b>\$193,260</b>	<b>\$204,401</b>

/a/ 20% downpayment assumed. Market rate buyers are assumed to finance 80% of the sales prices.

/b/ 30-year loan at 4.125% annual interest rate for all for-sale prototypes except single-family homes in the Hills/Rockridge areas – for which a lower Jumbo loan rate of 3.750% applies. (August 21, 2015 Wells Fargo Website - FNMA Loan <https://www.wellsfargo.com/mortgage/rates/>)

/c/ 1.35% of sales price (based on the average property tax rate across all tax rate areas in the City of Oakland).

/d/ Annual maintenance and repair allowance estimated at 1% of sales price.

/e/ Annual fire and hazard insurance estimated at 0.35% of sales price.

/f/ Assumes 30% of gross annual household income allocated to housing costs.

Sources: Vernazza Wolfe Associates Inc. and Hausrath Economics Group.

**Table 5**  
**Household Income Calculations for Prototype Rental Housing Development**

Unit Type	Studio	1 BR/1 BA	2 BR/2 BA	3 BR/2 BA
<b>H-3: Lower- and Mid-Rise Apartments</b>				
(West Oakland/East Oakland/ parts of North Oakland)				
Average Monthly Rent (mid-2015)	\$1,500	\$2,350	\$2,900	\$4,000
Annual Housing Rent	\$18,000	\$28,200	\$34,800	\$48,000
<b>Household Income<sup>/a/</sup></b>	<b>\$60,000</b>	<b>\$94,000</b>	<b>\$116,000</b>	<b>\$160,000</b>
<b>H-4: Mid-Rise Apartment Developments</b>				
(Downtown/Jack London/Broadway Valdez/ parts of North Oakland)				
Average Monthly Rent (mid-2015)	\$2,350	\$2,750	\$3,900	\$4,400
Annual Housing Rent	\$28,200	\$33,000	\$46,800	\$52,800
<b>Household Income<sup>/a/</sup></b>	<b>\$94,000</b>	<b>\$110,000</b>	<b>\$156,000</b>	<b>\$176,000</b>
<b>H-5: High-Rise Developments</b>				
(Downtown/Jack London/Broadway Valdez/ parts of Estuary Waterfront)				
Average Monthly Rent (mid-2015)	\$2,700	\$3,700	\$5,200	\$7,200
Annual Housing Rent	\$32,400	\$44,400	\$62,400	\$86,400
<b>Household Income<sup>/a/</sup></b>	<b>\$108,000</b>	<b>\$148,000</b>	<b>\$208,000</b>	<b>\$288,000</b>

<sup>/a/</sup> Assumes 30% of gross annual household income allocated to rent.

Sources: Vernazza Wolfe Associates Inc. and Hausrath Economics Group

The IMPLAN3 Model that was used to generate household expenditure estimates and associated induced jobs requires input in terms of household income categories or ranges. The average household income results for the Oakland development prototypes are in Tables 4 and 5. These fall into the IMPLAN3 Model income categories as shown in Tables 6 and 7.



**Table 6**  
**Household Income Distributions Used in IMPLAN3 Analysis of For-Sale Prototypes**

	<b>H-1: Single-Family Detached Homes</b>		<b>H-2: Townhomes/Row Houses</b>	
	A. Urban Infill/ East Oakland primarily	B. North, South, Lower Hills/ Rockridge	A. Urban Infill/West Oakland and parts of North Oakland	B. North Hills, South Hills
<b>Household Income Level</b>	<b>Distribution of Households by Income Level Categories</b>			
Less than \$10,000	0%	0%	0%	0%
\$10,000-\$15,000	0%	0%	0%	0%
\$15,000-\$25,000	0%	0%	0%	0%
\$25,000-\$35,000	0%	0%	0%	0%
\$35,000-\$50,000	0%	0%	0%	0%
\$50,000-\$75,000	0%	0%	0%	0%
\$75,000-\$100,000	100%	0%	0%	0%
\$100,000-\$150,000	0%	0%	100%	0%
Over \$150,000	0%	100%	0%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Sources: Vernazza Wolfe Associates Inc. and Hausrath Economics Group

**Table 7**  
**Household Income Distributions Used in IMPLAN3 Analysis of Rental Prototypes**

	<b>H-3: Lower/Mid-Rise Apts.</b>	<b>H-4: Mid-Rise Apts.</b>	<b>H-5: High-Rise Apts.</b>
	West Oakland/East Oakland/parts of North Oakland	Downtown/Jack London/Broadway Valdez/parts of North Oakland	Downtown/Jack London/Broadway Valdez/parts of Estuary Waterfront
<b>Household Income Level</b>	<b>Distribution of Households by Income Level Categories</b>		
Less than \$10,000	0%	0%	0%
\$10,000-\$15,000	0%	0%	0%
\$15,000-\$25,000	0%	0%	0%
\$25,000-\$35,000	0%	0%	0%
\$35,000-\$50,000	0%	0%	0%
\$50,000-\$75,000	15%	0%	0%
\$75,000-\$100,000	45%	17%	0%
\$100,000-\$150,000	32%	50%	74%
Over \$150,000	8%	33%	26%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Sources: Vernazza Wolfe Associates Inc. and Hausrath Economics Group

## **Job Growth, Demand for Affordable Housing, and Maximum Legal Affordable Housing Impact Fees**

### **STEPS 3, 4, and 5: Household Consumer Spending and Job Growth**

The growth of household consumer expenditures by new buyer and renter households (based on their household incomes in the prior step) are estimated and translated into induced job growth via the IMPLAN3 input-output model. The model uses economic data specific to Alameda County to estimate the multiplier effects of additional spending and jobs deriving from the demand for goods and local services (including government) that households in the new housing would generate. These multiplier effects are referred to as “induced” growth. The model simultaneously accounts for all purchases and expenditures throughout the county’s economy and is useful in defining economic impacts from exogenous changes, such as growth in expenditures associated with new residential developments.<sup>3</sup>

A portion of the countywide job growth estimated by the model is allocated to Oakland. According to the Association of Bay Area Governments (ABAG), the City of Oakland currently accounts for 28 percent of the total employment in Alameda County, and this share is projected to remain the same through 2025<sup>4</sup>. Consequently, this nexus study allocates 28 percent of the induced worker impacts (predicted by the IMPLAN3 Model for Alameda County) to the City of Oakland.

### **STEPS 6 and 7: New Worker Households and Household Incomes**

Next, the analysis includes two calculations to convert from additional workers to a focus on worker households so as to be able to consider their housing demand. First, the number of induced jobs in Oakland is converted to the number of new households that they represent by dividing the number of new workers holding the new jobs by the average number of workers per household for Oakland households with workers (1.48 from the U. S. Census Bureau).<sup>5</sup> Second, worker incomes (based on the IMPLAN3 model analysis) are adjusted to estimate worker household incomes, assuming that the income of other workers in the household is similar to the income of the induced worker.<sup>6</sup>

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<sup>3</sup> In economics, an input-output model is a quantitative economic technique that represents the interdependencies between different industries and sectors of the economy. Use of the IMPLAN3 Model for this analysis is further described in **Appendix A**, summarizing the IMPLAN methodology, defining induced growth, and presenting tables summarizing the induced employment impacts from development of each new housing prototype.

<sup>4</sup> ABAG, *Projections 2013* shows that jobs in Oakland account for 28 percent of total employment in Alameda County in both 2015 and 2025.

<sup>5</sup> The adjustment factor used in this study is 1.48, from the U. S. Census Bureau, 2009-2013 American Community Survey 5-Year Estimate of the number of workers per household for Oakland households with workers. This factor is appropriate for this analysis as it is calculated for households with workers and excludes households without workers.

<sup>6</sup> It is assumed that the income of other workers is the same as the induced worker in the household, so income results from the IMPLAN3 Model are weighted by 1.48, to reflect the number of workers per household.

## STEPS 8 and 9: Demand for Affordable Housing and the Affordability Gap

Some of the new households will require affordable housing, particularly since the increase in jobs is generally in the lower-wage-paying sectors, such as retail sales and services. The distribution of new households among household income categories is used to identify households with demand for affordable housing based on those with incomes in the moderate, low, and very low income categories (using City of Oakland definitions). Since the focus of the nexus study is on increases in the need for affordable housing, new worker households above moderate income are not carried forward into the final calculations.

Separately, analysis is done to calculate the “affordability gap” for households in the different housing affordability categories (moderate-income, low-income, and very low-income).<sup>7</sup> The affordability gap is defined as the difference between the cost to produce new, modest housing units and what households with very-low, low, and moderate incomes can afford to pay for housing.

## STEP 10: Maximum Legal Affordable Housing Impact Fees

Having calculated the affordability gap at different income levels (see above) and having estimated the number of worker households requiring affordable housing, it is possible to calculate the total funds needed to bridge the gap between the costs of developing new affordable housing and what new lower- and moderate-income households can afford to pay.<sup>8</sup> This total gap figure is calculated for representative housing projects for each market-rate housing prototype. Then the total gap amount for the project is divided by the number of new housing units to identify the average affordability gap per new market-rate unit built. The average affordability gap per unit identifies the maximum fee amount per unit that can be justified on the basis of the nexus calculations.

## STEPS 3 – 10: Nexus Calculations for Housing Development Prototypes

The nexus calculations (Steps 3-10) completed for each housing development prototype are presented on the pages that follow. For each prototype, the calculations are done for a representative development project in terms of number of units built (20 to 220 units depending on the prototype). Table 8 on the next page summarizes the job growth and affordable housing impacts that can be linked to new housing development. The bottom row in the table presents the results of the calculations for each housing development prototype, in terms of the **maximum legal housing impact fee per unit** that can be justified by the nexus analysis.

<sup>7</sup> Appendix B defines the Affordability Gap and presents the assumptions and calculations for rental and for-sale housing affordability gaps by household income group.

<sup>8</sup> The aggregate affordability gap is computed by multiplying the number of households requiring affordable housing in each of three income categories (very low-, low- and moderate-income) by the corresponding gap calculation for each income group. There are no extremely low-income worker households projected by the nexus analysis model.

**Table 8**  
**Summary of Job Growth and Affordable Housing Impacts**  
**Linked to New Residential Development**

	Single-Family Homes		Townhomes		Multi-Family Apartments		
	Urban H-1A	Hills H-1B	Urban H-2A	Hills H-2B	Lower/Mid-Rise H-3	Mid-Rise H-4	High-Rise H-5
Number Units in Project	20	100	30	30	120	180	220
Impacts of Project:							
Job Growth in Oakland	4.77	56.94	9.20	11.13	28.98	49.52	77.05
Worker Households in Oakland	3.22	38.47	6.22	7.52	19.58	33.46	52.06
Demand from Very Low-, Low-, and Moderate-Income Worker Households	2.52	29.99	4.87	5.86	15.31	26.15	40.71
Total Affordability Gap	\$696,653	\$8,172,932	\$1,340,802	\$1,597,744	\$4,220,650	\$7,179,697	\$11,176,967
Average Affordability Gap per Unit	\$34,833	\$81,729	\$44,693	\$53,258	\$35,172	\$39,887	\$50,804
<b>Maximum Legal Affordable Housing Impact Fee per Unit</b>	<b>\$34,833</b>	<b>\$81,729</b>	<b>\$44,693</b>	<b>\$53,258</b>	<b>\$35,172</b>	<b>\$39,887</b>	<b>\$50,804</b>

Note: The numbers shown are not rounded, to retain consistency among the different measures of impacts and consistency with the calculations in Tables 9 through 15.  
Source: Tables 9-15

The nexus calculations for each housing development prototype are presented in Tables 9-15 that follow. The calculations in each table show the following:

- Induced job growth in Oakland supported by increases in spending by new residents of new market-rate housing (columns 2, 3, and 5 in the tables).
- New worker households associated with induced job growth, and worker household incomes (columns 4 and 6 in the tables).
- Affordable housing demand from new worker households, by affordability group (columns 7 and 8).
- The funds needed to bridge the affordability gap between the costs of developing new affordable housing and what lower-and moderate-income households can afford to pay (total affordability gap in column 9).
- **Maximum legal affordable housing impact fee per unit** that can be justified by the nexus calculations (column 10).

**Table 9**  
**Calculations of Affordability Gap and Maximum Legal Affordable Housing Impact Fees**  
**Prototype H-1A: Single-Family Detached Homes in Urban Infill Locations, East Oakland primarily**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Worker Wage Category	Total Induced Jobs for Project of 20 units/a/	Jobs Accommodated in Oakland/b/	Oakland Worker Households/c/	Average Worker Wages/d/	Worker Household Income/e/	Demand from New Very Low-, Low- and Moderate-income Households	Affordability Group/f/	Total Affordability Gap/g/	Maximum Legal Affordable Housing Impact Fee per Unit/h/
Less than \$10,000	0.00	0	0	n/a	n/a				
\$10,000-\$15,000	0.00	0	0	n/a	n/a				
\$15,000-\$25,000	2.28	0.64	0.43	\$23,778	\$35,191	0.43	Very Low-Income	\$182,233	
\$25,000-\$35,000	1.84	0.52	0.35	\$29,501	\$43,661	0.35	Low-Income	\$132,580	
\$35,000-\$50,000	6.71	1.88	1.27	\$44,218	\$65,442	1.27	Moderate-Income	\$278,673	
\$50,000-\$75,000	2.49	0.70	0.47	\$58,405	\$86,440	0.47	Moderate-Income	\$103,167	
\$75,000-\$100,000	1.20	0.34	0.23	\$87,463	\$129,445				
\$100,000-\$150,000	2.51	0.70	0.48	\$115,656	\$171,171				
Over \$150,000	0.00	0	0	n/a	n/a				
<b>Total</b>	<b>17.03</b>	<b>4.77</b>	<b>3.22</b>	<b>\$55,549</b>	<b>\$82,213</b>	<b>2.52</b>		<b>\$696,653</b>	<b>\$34,833</b>

*Assumptions:*

<b>20</b>	number of units in development project for prototype H-1A
<b>28%</b>	percent of Alameda County jobs located in Oakland (current and projected by ABAG Projections 2013)
<b>1.48</b>	number of wage earners per household with workers in Oakland (2009 - 2013 American Community Survey, 5-Year Estimates, U.S. Census Bureau)

*Notes:*

- /a/ Results of IMPLAN3 input-output model. Project assumes development of 20 units of prototype H-1A.
- /b/ Total induced jobs multiplied by the percent of Alameda County jobs located in Oakland.
- /c/ Jobs in Oakland divided by wage earners per household with workers.
- /d/ Results of IMPLAN3 input-output model and analysis of data from the California Labor Market Information Division. (See Appendix A.)
- /e/ Average worker income multiplied by the number of wage earners in households with workers.
- /f/ Demand from Oakland households (earlier column) with incomes in the moderate, low, and very-low income categories based on City of Oakland household income threshold incomes for an average size household of 2.5 persons: Very Low Income (\$39,525), Low Income (\$63,580), and Moderate Income (\$95,370).
- /g/ Number of households multiplied the by average affordability gap for applicable income group. (See Appendix B for background on the affordability gap analysis and calculations.)
- /h/ Total affordability gap divided by number of new units in the project (20 units for prototype H-1A).

Source: Vernazza Wolfe Associates, Inc. and ADE, Inc.

**Table 10**  
**Calculations of Affordability Gap and Maximum Legal Affordable Housing Impact Fees**  
**Prototype H-1B: Single-Family Detached Homes in North/South/Lower Hills and Rockridge**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Worker Wage Category	Total Induced Jobs for Project of 100 units/a/	Jobs Accommodated in Oakland/b/	Oakland Worker Households/c/	Average Worker Wages/d/	Worker Household Income/e/	Demand from New Very Low-, Low- and Moderate-income Households	Affordability Group/f/	Total Affordability Gap/g/	Maximum Legal Affordable Housing Impact Fee per Unit/h/
Less than \$10,000	0.00	0	0	n/a	n/a				
\$10,000-\$15,000	0.00	0	0	n/a	n/a				
\$15,000-\$25,000	24.60	6.89	4.65	\$23,778	\$35,191	4.65	Very Low-Income	\$1,968,197	
\$25,000-\$35,000	21.17	5.93	4.00	\$29,551	\$43,736	4.00	Low-Income	\$1,523,885	
\$35,000-\$50,000	80.05	22.41	15.14	\$44,246	\$65,485	15.14	Moderate-Income	\$3,322,789	
\$50,000-\$75,000	32.72	9.16	6.19	\$58,545	\$86,647	6.19	Moderate-Income	\$1,358,061	
\$75,000-\$100,000	15.68	4.39	2.97	\$87,643	\$129,711				
\$100,000-\$150,000	29.13	8.16	5.51	\$115,861	\$171,474				
Over \$150,000	0.00	0	0	n/a	n/a				
<b>Total</b>	203.34	56.94	38.47	\$56,147	\$83,098	29.99		\$8,172,932	\$81,729

**Assumptions:**

<b>100</b>	number of units in development project for prototype H-1B
<b>28%</b>	percent of Alameda County jobs located in Oakland (current and projected by ABAG <i>Projections 2013</i> )
<b>1.48</b>	number of wage earners per household with workers in Oakland (2009 - 2013 American Community Survey, 5-Year Estimates, U.S. Census Bureau)

**Notes:**

- /a/ Results of IMPLAN3 input-output model. Project assumes development of 100 units of prototype H-1B.
- /b/ Total induced jobs multiplied by the percent of Alameda County jobs located in Oakland.
- /c/ Jobs in Oakland divided by wage earners per household with workers.
- /d/ Results of IMPLAN3 input-output model and analysis of data from the California Labor Market Information Division. (See Appendix A.)
- /e/ Average worker income multiplied by the number of wage earners in households with workers.
- /f/ Demand from Oakland households (earlier column) with incomes in the moderate, low, and very-low income categories based on City of Oakland household income threshold incomes for an average size household of 2.5 persons: Very Low Income (\$39,525), Low Income (\$63,580), and Moderate Income (\$95,370).
- /g/ Number of households multiplied the by average affordability gap for applicable income group. (See Appendix B for background on the affordability gap analysis and calculations.)
- /h/ Total affordability gap divided by number of new units in the project (100 units for prototype H-1B).

Source: Vernazza Wolfe Associates, Inc. and A+DE, Inc.

**Table 11**  
**Calculations of Affordability Gap and Maximum Legal Affordable Housing Impact Fees**  
**Prototype H-2A: Townhomes/Row Houses in Urban Infill, West Oakland, and parts of North Oakland**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Worker Wage Category	Total Induced Jobs for Project of 30 units/a/	Jobs Accommodated in Oakland/b/	Oakland Worker Households/c/	Average Worker Wages/d/	Worker Household Income/e/	Demand from New Very Low-, Low- and Moderate-income Households	Affordability Group/f/	Total Affordability Gap/g/	Maximum Legal Affordable Housing Impact Fee per Unit/h/
Less than \$10,000	0.00	0	0	n/a	n/a				
\$10,000-\$15,000	0.00	0	0	n/a	n/a				
\$15,000-\$25,000	4.31	1.21	0.82	\$23,778	\$35,191	0.82	Very Low-Income	\$344,968	
\$25,000-\$35,000	3.51	0.98	0.66	\$29,499	\$43,659	0.66	Low-Income	\$252,663	
\$35,000-\$50,000	13.03	3.65	2.47	\$44,237	\$65,471	2.47	Moderate-Income	\$541,004	
\$50,000-\$75,000	4.87	1.36	0.92	\$58,451	\$86,507	0.92	Moderate-Income	\$202,167	
\$75,000-\$100,000	2.35	0.66	0.44	\$87,482	\$129,473				
\$100,000-\$150,000	4.78	1.34	0.90	\$115,662	\$171,180				
Over \$150,000	0.00	0.00	0	n/a	n/a				
<b>Total</b>	<b>32.86</b>	<b>9.20</b>	<b>6.22</b>	<b>\$55,575</b>	<b>\$82,251</b>	<b>4.87</b>		<b>\$1,340,802</b>	<b>\$44,693</b>

*Assumptions:*

<b>30</b>	number of units in development project of prototype H-2A
<b>28%</b>	percent of Alameda County jobs located in Oakland (current and projected by ABAG Projections 2013)
<b>1.48</b>	number of wage earners per household with workers in Oakland (2009 - 2013 American Community Survey, 5-Year Estimates, U.S. Census Bureau)

*Notes:*

- /a/ Results of IMPLAN3 input-output model. Project assumes development of 30 units of prototype H-2A.
- /b/ Total induced jobs multiplied by the percent of Alameda County jobs located in Oakland.
- /c/ Jobs in Oakland divided by wage earners per household with workers.
- /d/ Results of IMPLAN3 input-output model and analysis of data from the California Labor Market Information Division. (See Appendix A.)
- /e/ Average worker income multiplied by the number of wage earners in households with workers.
- /f/ Demand from Oakland households (earlier column) with incomes in the moderate, low, and very-low income categories based on City of Oakland household income threshold incomes for an average size household of 2.5 persons: Very Low Income (\$39,525), Low Income (\$63,580), and Moderate Income (\$95,370).
- /g/ Number of households multiplied the by average affordability gap for applicable income group. (See Appendix B for background on the affordability gap analysis and calculations.)
- /h/ Total affordability gap divided by number of new units in the project (30 units for prototype H-2A).

Source: Vernazza Wolfe Associates, Inc. and ADE, Inc.



**Table 12**  
**Calculations of Affordability Gap and Maximum Legal Affordable Housing Impact Fees**  
**Prototype H-2B: Townhomes/Row Houses in North Hills/South Hills**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Worker Wage Category	Total Induced Jobs for Project of 30 units/a/	Jobs Accommodated in Oakland/b/	Oakland Worker Households/c/	Average Worker Wages/d/	Worker Household Income/e/	Demand from New Very Low-, Low- and Moderate-income Households	Affordability Group/f/	Total Affordability Gap/g/	Maximum Legal Affordable Housing Impact Fee per Unit/h/
Less than \$10,000	0.00	0	0	n/a	n/a				
\$10,000-\$15,000	0.00	0	0	n/a	n/a				
\$15,000-\$25,000	4.81	1.35	0.91	\$23,778	\$35,191	0.91	Very Low-Income	\$384,767	
\$25,000-\$35,000	4.14	1.16	0.78	\$29,551	\$43,736	0.78	Low-Income	\$297,908	
\$35,000-\$50,000	15.65	4.38	2.96	\$44,246	\$65,485	2.96	Moderate-Income	\$649,579	
\$50,000-\$75,000	6.40	1.79	1.21	\$58,545	\$86,647	1.21	Moderate-Income	\$265,490	
\$75,000-\$100,000	3.06	0.86	0.58	\$87,643	\$129,711				
\$100,000-\$150,000	5.70	1.59	1.08	\$115,861	\$171,474				
Over \$150,000	0.00	0.00	0	n/a	n/a				
<b>Total</b>	<b>39.75</b>	<b>11.13</b>	<b>7.52</b>	<b>\$56,147</b>	<b>\$83,098</b>	<b>5.86</b>		<b>\$1,597,744</b>	<b>\$53,258</b>

*Assumptions:*

<b>30</b>	number of units in development projects of prototype H-2B
<b>28%</b>	percent of Alameda County jobs located in Oakland (current and projected by ABAG Projections 2013)
<b>1.48</b>	number of wage earners per household with workers in Oakland (2009 - 2013 American Community Survey, 5-Year Estimates, U.S. Census Bureau)

*Notes:*

- /a/ Results of IMPLAN3 input-output model. Project assumes development of 30 units of prototype H-2B.
- /b/ Total induced jobs multiplied by the percent of Alameda County jobs located in Oakland.
- /c/ Jobs in Oakland divided by wage earners per household with workers.
- /d/ Results of IMPLAN3 input-output model and analysis of data from the California Labor Market Information Division. (See Appendix A.)
- /e/ Average worker income multiplied by the number of wage earners in households with workers.
- /f/ Demand from Oakland households (earlier column) with incomes in the moderate, low, and very-low income categories based on City of Oakland household income threshold incomes for an average size household of 2.5 persons: Very Low Income (\$39,525), Low Income (\$63,580), and Moderate Income (\$95,370).
- /g/ Number of households multiplied the by average affordability gap for applicable income group. (See Appendix B for background on the affordability gap analysis and calculations.)
- /h/ Total affordability gap divided by number of new units in the project (30 units for prototype H-2B).

Source: Vernazza Wolfe Associates, Inc. and ADE, Inc.

**Table 13**  
**Calculations of Affordability Gap and Maximum Legal Affordable Housing Impact Fees**  
**Prototype H-3: Lower and Mid-Rise Rental Apartments in West Oakland, East Oakland, and Parts of North Oakland**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Worker Wage Category	Total Induced Jobs for Project of 120 units/a/	Jobs Accommodated in Oakland/b/	Oakland Worker Households/c/	Average Worker Wages/d/	Worker Household Income/e/	Demand from New Very Low-, Low- and Moderate-income Households	Affordability Group/f/	Total Affordability Gap/g/	Maximum Legal Affordable Housing Impact Fee per Unit/h/
Less than \$10,000	0	0	0	n/a	n/a				
\$10,000-\$15,000	0	0	0	n/a	n/a				
\$15,000-\$25,000	13.56	3.80	2.57	\$23,778	\$35,191	2.57	Very Low-Income	\$1,085,142	
\$25,000-\$35,000	11.11	3.11	2.10	\$29,506	\$43,668	2.10	Low-Income	\$799,723	
\$35,000-\$50,000	40.93	11.46	7.74	\$44,229	\$65,459	7.74	Moderate-Income	\$1,699,195	
\$50,000-\$75,000	15.34	4.29	2.90	\$58,434	\$86,482	2.90	Moderate-Income	\$636,590	
\$75,000-\$100,000	7.40	2.07	1.40	\$87,486	\$129,479				
\$100,000-\$150,000	15.16	4.24	2.87	\$115,683	\$171,211				
Over \$150,000	0	0	0	n/a	n/a				
<b>Total</b>	103.50	28.98	19.58	\$55,631	\$82,334	15.31		\$4,220,650	\$35,172

**Assumptions:**

120	number of units in development project for prototype H-3
28%	percent of Alameda County jobs located in Oakland (current and projected by ABAG Projections 2013)
1.48	number of wage earners per household with workers in Oakland (2009 - 2013 American Community Survey, 5-Year Estimates, U.S. Census Bureau)

**Notes:**

- /a/ Results of IMPLAN3 input-output model. Project assumes development of 120 units of prototype H-3.
- /b/ Total induced jobs multiplied by the percent of Alameda County jobs located in Oakland.
- /c/ Jobs in Oakland divided by wage earners per household with workers.
- /d/ Results of IMPLAN3 input-output model and analysis of data from the California Labor Market Information Division. (See Appendix A.)
- /e/ Average worker income multiplied by the number of wage earners in households with workers.
- /f/ Demand from Oakland households (earlier column) with incomes in the moderate, low, and very-low income categories based on City of Oakland household income threshold incomes for an average size household of 2.5 persons: Very Low Income (\$39,525), Low Income (\$63,580), and Moderate Income (\$95,370).
- /g/ Number of households multiplied the by average affordability gap for applicable income group. (See Appendix B for background on the affordability gap analysis and calculations.)
- /h/ Total affordability gap divided by number of new units in the project (120 units for prototype H-3).

Source: Vernazza Wolfe Associates, Inc. and ADE, Inc.

**Table 14**  
**Calculations of Affordability Gap and Maximum Legal Affordable Housing Impact Fees**  
**Prototype H-4: Mid-Rise Rental Apartments in Downtown/Jack London/Broadway Valdez/and parts of North Oakland**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Worker Wage Category	Total Induced Jobs for Project of 180 units/a/	Jobs Accommodated in Oakland/b/	Oakland Worker Households/c/	Average Worker Wages/d/	Worker Household Income/e/	Demand from New Very Low-, Low- and Moderate-income Households	Affordability Group/f/	Total Affordability Gap/g/	Maximum Legal Affordable Housing Impact Fee per Unit/h/
Less than \$10,000	0	0	n/a	\$0	\$0				
\$10,000-\$15,000	0	0	n/a	\$0	\$0				
\$15,000-\$25,000	22.60	6.33	4.28	\$23,778	\$35,191	4.28	Very Low-Income	\$1,808,313	
\$25,000-\$35,000	18.75	5.25	3.55	\$29,518	\$43,687	3.55	Low-Income	\$1,349,672	
\$35,000-\$50,000	69.90	19.57	13.22	\$44,238	\$65,472	13.22	Moderate-Income	\$2,901,407	
\$50,000-\$75,000	26.99	7.56	5.11	\$58,481	\$86,552	5.11	Moderate-Income	\$1,120,304	
\$75,000-\$100,000	12.99	3.64	2.46	\$87,542	\$129,562				
\$100,000-\$150,000	25.64	7.18	4.85	\$115,734	\$171,287				
Over \$150,000	0	0	0	n/a	n/a				
<b>Total</b>	<b>176.87</b>	<b>49.52</b>	<b>33.46</b>	<b>\$55,783</b>	<b>\$82,259</b>	<b>26.15</b>		<b>\$7,179,696</b>	<b>\$39,887</b>

*Assumptions:*

- 180** number of units in development project for prototype H-4.
- 28%** percent of Alameda County jobs located in Oakland (current and projected by ABAG *Projections 2013*)
- 1.48** number of wage earners per household with workers in Oakland (2009 - 2013 American Community Survey, 5-Year Estimates, U.S. Census Bureau)

*Notes:*

- /a/ Results of IMPLAN3 input-output model. Project assumes development of 180 units of prototype H-4.
- /b/ Total induced jobs multiplied by the percent of Alameda County jobs located in Oakland.
- /c/ Jobs in Oakland divided by wage earners per household with workers.
- /d/ Results of IMPLAN3 input-output model and analysis of data from the California Labor Market Information Division. (See Appendix A.)
- /e/ Average worker income multiplied by the number of wage earners in households with workers.
- /f/ Demand from Oakland households (earlier column) with incomes in the moderate, low, and very-low income categories based on City of Oakland household income threshold incomes for an average size household of 2.5 persons: Very Low Income (\$39,525), Low Income (\$63,580), and Moderate Income (\$95,370).
- /g/ Number of households multiplied the by average affordability gap for applicable income group. (See Appendix B for background on the affordability gap analysis and calculations.)
- /h/ Total affordability gap divided by number of new units in the project (180 units for prototype H-4).

Source: Vernazza Wolfe Associates, Inc. and ADE, Inc.

**Table 15**  
**Calculations of Affordability Gap and Maximum Legal Affordable Housing Impact Fees**  
**Prototype H-5: High-rise Rental Apartments on Prime Sites in Downtown/Jack London/Broadway Valdez/parts of Estuary Waterfront**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Worker Wage Category	Total Induced Jobs for Project of 220 units/a/	Jobs Accommodated in Oakland/b/	Oakland Worker Households/c/	Average Worker Wages/d/	Worker Household Income/e/	Demand from New Very Low-, Low- and Moderate-income Households	Affordability Group/f/	Total Affordability Gap/g/	Maximum Legal Affordable Housing Impact Fee per Unit/h/
Less than \$10,000	0	0	n/a	\$0	\$0				
\$10,000-\$15,000	0	0	n/a	\$0	\$0				
\$15,000-\$25,000	35.24	9.87	6.67	\$23,778	\$35,191	6.67	Very Low-Income	\$2,819,597	
\$25,000-\$35,000	29.16	8.17	5.52	\$29,515	\$43,682	5.52	Low-Income	\$2,099,444	
\$35,000-\$50,000	108.90	30.49	20.60	\$44,240	\$65,475	20.60	Moderate-Income	\$4,520,272	
\$50,000-\$75,000	41.86	11.72	7.92	\$58,481	\$86,552	7.92	Moderate-Income	\$1,737,654	
\$75,000-\$100,000	20.15	5.64	3.81	\$87,534	\$129,550				
\$100,000-\$150,000	39.86	11.16	7.54	\$115,723	\$171,270				
Over \$150,000	0	0	0	n/a	n/a				
<b>Total</b>	275.18	77.05	52.06	\$55,751	\$82,511	40.71		\$11,176,967	\$50,804

*Assumptions:*

<b>220</b>	number of units in development project for prototype H-5.
<b>28%</b>	percent of Alameda County jobs located in Oakland (current and projected by ABAG Projections 2013)
<b>1.48</b>	number of wage earners per household with workers in Oakland (2009 - 2013 American Community Survey, 5-Year Estimates, U.S. Census Bureau)

*Notes:*

- /a/ Results of IMPLAN3 input-output model. Project assumes development of 220 units of prototype H-5.
- /b/ Total induced jobs multiplied by the percent of Alameda County jobs located in Oakland.
- /c/ Jobs in Oakland divided by wage earners per household with workers.
- /d/ Results of IMPLAN3 input-output model and analysis of data from the California Labor Market Information Division. (See Appendix A.)
- /e/ Average worker income multiplied by the number of wage earners in households with workers.
- /f/ Demand from Oakland households (earlier column) with incomes in the moderate, low, and very-low income categories based on City of Oakland household income threshold incomes for an average size household of 2.5 persons: Very Low Income (\$39,525), Low Income (\$63,580), and Moderate Income (\$95,370).
- /g/ Number of households multiplied the by average affordability gap for applicable income group. (See Appendix B for background on the affordability gap analysis and calculations.)
- /h/ Total affordability gap divided by number of new units in the project (220 units for prototype H-5).

Source: Vernazza Wolfe Associates, Inc. and ADE, Inc.

## **IMPACT FEE PROGRAM AND POLICY CONSIDERATIONS**

The results of the nexus analysis identify the maximum legal affordable housing impact fees that could be charged on new market-rate housing development in Oakland. Based on the nexus analysis, the City Council can adopt affordable housing impact fees at or below the maximum legal fee amounts identified.

After reviewing the results of nexus analyses and considering the broad range of local policy goals, decision-makers can adopt fees up to the maximum justified in the nexus analysis. Economic feasibility considerations typically result in adopted fees at levels below the maximum legal amounts to avoid affecting the amount and pace of new housing development. To support development of housing for all income levels, impact fee proposals seek to balance the need for more affordable housing with not impeding the construction of new market-rate housing.

### **Economic Feasibility Considerations**

As another component of the City's Impact Fee Study, the Consultant Team analyzed the economic feasibility of new development in Oakland. The analysis provides a basis for creating an impact fee program that can be implemented without adversely affecting Oakland's ability to attract new development. The representative housing development prototypes analyzed in this nexus analysis are the same as those analyzed in the economic feasibility analysis. The economic feasibility analysis is presented in a separate report: *Economic Feasibility Study for Oakland Impact Fee Program*.

### **Consideration of Transportation and Capital Facilities Impact Fees in Addition to Affordable Housing Impact Fees**

In addition to the adoption of affordable housing impact fees, Oakland also is considering new impact fees for transportation and capital facilities. It is important that the impacts on development feasibility of affordable housing fee options be considered in combination with the magnitudes of other proposed impact fees also under consideration.

### **Fee Revenue Deposited in Affordable Housing Trust Fund**

Revenue from affordable housing impact fees would be deposited into the City's Affordable Housing Trust Fund. The Trust Fund also collects funds from other sources such as the existing Jobs-Housing Impact Fee and the 25 percent allocation of former redevelopment tax increment funds set aside for affordable housing (i.e., "boomerang funds"). Through the Affordable Housing Trust Fund, the City provides funding for affordable housing. Through the Trust Fund, fee revenue can be leveraged by a factor of more than 3:1 to produce more affordable units.

### **On-Site Affordable Housing Option Possible**

As an alternative to payment of affordable housing impact fees, development projects could be allowed to provide affordable units on-site as a part of the market-rate development. If an on-site option is adopted, the City should establish a policy that specifies the number or share of affordable units and the income targeted for those units.

Comparing the options of (a) payment of an impact fee or (b) development of affordable units on-site, there are advantages of each approach to consider.

- ◆ Advantages of payment of impact fees to fund affordable housing:
  - May produce more total funding for affordable housing by leveraging local housing trust funds to attract outside funding sources.
  - Can serve lower income groups as on-site affordable housing is generally targeted to higher income groups.
  - On-site services to residents are often provided in affordable housing developments (such as computer training, after school programs, etc.).
- ◆ Advantages of on-site development of affordable housing in market-rate projects:
  - Affordable housing is built along with market-rate housing and may be available more quickly.
  - May provide access to more neighborhoods, possibly those with more amenities and better public services.

### **Affordable Housing Impact Fees As Part of Broader Housing Equity Strategy and Initiatives in Oakland**

Adoption of affordable housing impact fees on residential development is one of a number of initiatives and new strategies underway to support affordable housing production and address a range of housing affordability needs in Oakland. In 2015, the City developed the *Oakland Housing Equity Roadmap* to provide a comprehensive action plan and policy framework for addressing Oakland's housing crisis. The Action Plan provides detailed strategies targeted to build new affordable housing, prevent displacement of long-time residents, and improve housing habitability and health while maintaining housing affordability. Adoption of a financially feasible housing impact fee program to increase revenues for building new affordable housing is one of the strategies recommended.

### **ADMINISTRATIVE ISSUES**

The City is advised to adjust the affordable housing impact fees annually. An adjustment mechanism updates the fees to compensate for changes in development costs. Routinely published cost indices are used for these annual adjustments. This adjustment would likely start after the three year phase-in, and the target fee is reached.

The construction cost index or building cost index published in the Engineering News Record (ENR) are the most widely used to update other types of impact fees. The indices measure changes in building material and labor costs (skilled labor for the building cost index and unskilled labor for the construction cost index). ENR publishes a San Francisco cost index, a California cost index, and a national 20-city average index.

In addition to revising the fee annually for inflation, the City is encouraged to update the housing impact nexus study every five years, or at the very least, update the housing affordability gap used in the basic model. The purpose of these updates is to ensure that the fee is still based on a cost-revenue structure that remains applicable to the Oakland housing market. In this way, the fee will more accurately reflect any potential structural changes in the relationships between affordable prices and rents, market-rate prices and rents, and development costs.

## APPENDIX A

### IMPLAN METHODOLOGY AND INDUCED JOBS AND WAGES

#### MULTIPLIER IMPACT ANALYSIS METHODOLOGY OVERVIEW

The multiplier analysis to identify induced jobs and wages was done using the IMPLAN3 Model. The IMPLAN model is an economic data set that has been used for over 35 years to measure the economic impacts of new investments and spending using the industrial relationships defined through an Input-Output Model. The IMPLAN model can estimate economic impacts resulting from changes in industry output, employment, income, and other measures. The latest version of this model is referred to as IMPLAN3. For this study, the IMPLAN3 Model's calculations are based on increases in household incomes as a result of new housing development. Before estimating the growth of consumer expenditures by new residents, the model adjusts gross income to account for the payment of income taxes and for savings.

The input/output analysis using the IMPLAN3 Model was conducted by Applied Development Economics (ADE), a Bay Area economics consulting firm, for Vernazza Wolfe Associates. ADE conducted two separate analyses. The first analysis estimated the household demand for retail goods and personal services that would be generated by the growth of households facilitated by development of new market-rate housing. This demand is based on the projected incomes of the new buyers and renters. The second analysis estimated the multiplier effects that this new household demand would create in terms of employment and labor income.

For this analysis, the input-output model used data specific to Alameda County in order to estimate the multiplier effects resulting from the households that rent or buy new housing units in Oakland. In this case, the multiplier effects derive from new demand for goods and local services (including government) that new households would generate within Alameda County. It does not account for economic impacts generated during the construction period, or any economic impacts that would occur outside of the county.

The economic impacts estimated for this study by the model fall into two categories - direct and induced impacts. For this analysis, the direct impacts represent the household income brought into the community by new residents. The Induced impacts represent the potential effects resulting from household spending at local establishments by the new workers hired as a result of increased household expenditures. These impacts affect all sectors of the economy, but primarily affect retail businesses, health services, personal services providers, and government services. The employment estimates provided by the IMPLAN3 Model cover all types of jobs, including full- and part-time jobs.<sup>9</sup>

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<sup>9</sup> Because the direct impacts come from household spending, and not from business activity and the demand for commodities and services from suppliers to business operations, the indirect effects were not calculated for this study.



### **Analysis to Estimate Household Demand and Increased Consumer Expenditures**

The first analysis undertaken by the IMPLAN3 Model estimated the household demand for retail goods and personal services. It is assumed that buyers and renters of new housing units in Oakland increase demand for goods and services within Alameda County. This demand is based on the projected incomes of renters and owners for each prototype. The IMPLAN3 Model's calculations are based on changes in household income, which adjusts the gross income to account for the payment of income taxes and savings.

### **Analysis to Estimate Multiplier Effects from New Household Demand**

The second step in the analysis is to estimate the induced impacts, or multiplier effects of new household spending in terms of jobs and wage income. The jobs and income calculations are focused on the induced jobs that would be created through local spending by the new households. The input-output model estimates the job impacts by detailed industry sector. Then, the analysis took the detailed industry impact estimates and distributed them by occupational category. The occupational employment data used in the analysis came from the California Employment Development Department (EDD) Labor Market Information Division.

### **Occupational Analysis**

After converting the industry level employment data into employment by occupation, the income distribution of new workers was calculated using the occupational wage data for the Oakland-Fremont-Hayward Metropolitan Division that includes Alameda and Contra Costa Counties. The average wage by occupation was used to make this calculation. The 2015 (first quarter) occupational wage data used in the analysis comes from California's EDD.

### **SUMMARY TABLES OF INDUCED EMPLOYMENT IMPACTS**

Tables A-1 through A-7 summarize the induced employment impacts for development projects for each of the housing development prototypes. The tables identify the total number of induced jobs and the number of jobs and mean annual wages per job by occupation.

**Table A-1**  
**Summary of Induced Employment Impacts by Occupation**  
**Prototype H-1A: Single-Family Detached Homes in Urban Infill Locations (East Oakland, primarily)**

SOC Code	Occupational Title	Mean Annual Wage	Induced Jobs
	Total all occupations		17.03
11-0000	Management Occupations	\$132,921	0.86
13-0000	Business and Financial Operations Occupations	\$85,001	0.89
15-0000	Computer and Mathematical Occupations	\$102,401	0.34
17-0000	Architecture and Engineering Occupations	\$99,815	0.17
19-0000	Life, Physical, and Social Science Occupations	\$88,094	0.15
21-0000	Community and Social Services Occupations	\$55,951	0.39
23-0000	Legal Occupations	\$112,338	0.12
25-0000	Education, Training, and Library Occupations	\$60,666	0.52
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	\$59,672	0.28
29-0000	Healthcare Practitioners and Technical Occupations	\$107,400	1.20
31-0000	Healthcare Support Occupations	\$39,944	0.58
33-0000	Protective Service Occupations	\$57,796	0.42
35-0000	Food Preparation and Serving-Related Occupations	\$23,778	2.28
37-0000	Building and Grounds Cleaning and Maintenance Occupations	\$33,118	0.56
39-0000	Personal Care and Service Occupations	\$27,917	1.27
41-0000	Sales and Related Occupations	\$46,670	2.09
43-0000	Office and Administrative Support Occupations	\$44,134	2.76
45-0000	Farming, Fishing, and Forestry Occupations	\$28,395	0.02
47-0000	Construction and Extraction Occupations	\$62,313	0.28
49-0000	Installation, Maintenance, and Repair Occupations	\$56,039	0.60
51-0000	Production Occupations	\$41,629	0.34
53-0000	Transportation and Material Moving Occupations	\$42,568	0.94

Note: The calculations assume a development project of prototype H-1A with 20 units.

Source: ADE, Inc., data from IMPLAN3 input-output model and California Labor Market Information Division.

**Table A-2**  
**Summary of Induced Employment Impacts by Occupation**  
**Prototype H-1B: Single-Family Homes in North/South/Lower Hills and Rockridge**

SOC Code	Occupational Title	Mean Annual Wage	Induced Jobs
	Total all occupations		203.34
11-0000	Management Occupations	\$132,921	10.20
13-0000	Business and Financial Operations Occupations	\$85,001	11.27
15-0000	Computer and Mathematical Occupations	\$102,401	4.33
17-0000	Architecture and Engineering Occupations	\$99,815	2.37
19-0000	Life, Physical, and Social Science Occupations	\$88,094	2.03
21-0000	Community and Social Services Occupations	\$55,951	4.65
23-0000	Legal Occupations	\$112,338	1.61
25-0000	Education, Training, and Library Occupations	\$60,666	7.71
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	\$59,672	3.32
29-0000	Healthcare Practitioners and Technical Occupations	\$107,400	13.00
31-0000	Healthcare Support Occupations	\$39,944	6.11
33-0000	Protective Service Occupations	\$57,796	6.06
35-0000	Food Preparation and Serving-Related Occupations	\$23,778	24.60
37-0000	Building and Grounds Cleaning and Maintenance Occupations	\$33,118	6.63
39-0000	Personal Care and Service Occupations	\$27,917	14.33
41-0000	Sales and Related Occupations	\$46,670	24.78
43-0000	Office and Administrative Support Occupations	\$44,134	33.57
45-0000	Farming, Fishing, and Forestry Occupations	\$28,395	0.20
47-0000	Construction and Extraction Occupations	\$62,313	3.82
49-0000	Installation, Maintenance, and Repair Occupations	\$56,039	7.15
51-0000	Production Occupations	\$41,629	4.07
53-0000	Transportation and Material Moving Occupations	\$42,568	11.51

Note: The calculations assume a development project of prototype H-1B with 100 units

Source: ADE, Inc., data from IMPLAN3 input-output model and California Labor Market Information Division.

**Table A-3**  
**Summary of Induced Employment Impacts by Occupation**  
**Prototype H-2A: Townhomes/Row Houses**  
**In Urban Infill Locations (West Oakland and Parts of North Oakland)**

<b>SOC Code</b>	<b>Occupational Title</b>	<b>Mean Annual Wage</b>	<b>Induced Jobs</b>
	Total all occupations		32.86
11-0000	Management Occupations	\$132,921	1.63
13-0000	Business and Financial Operations Occupations	\$85,001	1.73
15-0000	Computer and Mathematical Occupations	\$102,401	0.66
17-0000	Architecture and Engineering Occupations	\$99,815	0.33
19-0000	Life, Physical, and Social Science Occupations	\$88,094	0.29
21-0000	Community and Social Services Occupations	\$55,951	0.74
23-0000	Legal Occupations	\$112,338	0.23
25-0000	Education, Training, and Library Occupations	\$60,666	1.08
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	\$59,672	0.53
29-0000	Healthcare Practitioners and Technical Occupations	\$107,400	2.26
31-0000	Healthcare Support Occupations	\$39,944	1.08
33-0000	Protective Service Occupations	\$57,796	0.83
35-0000	Food Preparation and Serving-Related Occupations	\$23,778	4.31
37-0000	Building and Grounds Cleaning and Maintenance Occupations	\$33,118	1.06
39-0000	Personal Care and Service Occupations	\$27,917	2.41
41-0000	Sales and Related Occupations	\$46,670	4.10
43-0000	Office and Administrative Support Occupations	\$44,134	5.35
45-0000	Farming, Fishing, and Forestry Occupations	\$28,395	0.03
47-0000	Construction and Extraction Occupations	\$62,313	0.54
49-0000	Installation, Maintenance, and Repair Occupations	\$56,039	1.14
51-0000	Production Occupations	\$41,629	0.66
53-0000	Transportation and Material Moving Occupations	\$42,568	1.84

Note: The calculations assume a development project of prototype H-2A with 30 units.

Source: ADE, Inc., data from IMPLAN3 input-output model and California Labor Market Information Division.

**Table A-4**  
**Summary of Induced Employment Impacts by Occupation**  
**Prototype H-2B: Townhomes/Row Houses in North Hills/South Hills**

SOC Code	Occupational Title	Mean Annual Wage	Induced Jobs
	Total all occupations		39.75
11-0000	Management Occupations	\$132,921	1.99
13-0000	Business and Financial Operations Occupations	\$85,001	2.20
15-0000	Computer and Mathematical Occupations	\$102,401	0.85
17-0000	Architecture and Engineering Occupations	\$99,815	0.46
19-0000	Life, Physical, and Social Science Occupations	\$88,094	0.40
21-0000	Community and Social Services Occupations	\$55,951	0.91
23-0000	Legal Occupations	\$112,338	0.31
25-0000	Education, Training, and Library Occupations	\$60,666	1.51
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	\$59,672	0.65
29-0000	Healthcare Practitioners and Technical Occupations	\$107,400	2.54
31-0000	Healthcare Support Occupations	\$39,944	1.19
33-0000	Protective Service Occupations	\$57,796	1.19
35-0000	Food Preparation and Serving-Related Occupations	\$23,778	4.81
37-0000	Building and Grounds Cleaning and Maintenance Occupations	\$33,118	1.30
39-0000	Personal Care and Service Occupations	\$27,917	2.80
41-0000	Sales and Related Occupations	\$46,670	4.84
43-0000	Office and Administrative Support Occupations	\$44,134	6.56
45-0000	Farming, Fishing, and Forestry Occupations	\$28,395	0.04
47-0000	Construction and Extraction Occupations	\$62,313	0.75
49-0000	Installation, Maintenance, and Repair Occupations	\$56,039	1.40
51-0000	Production Occupations	\$41,629	0.80
53-0000	Transportation and Material Moving Occupations	\$42,568	2.25

Note: The calculations assume a development project of prototype H-2B with 30 units.

Source: ADE, Inc., data from IMPLAN3 input-output model and California Labor Market Information Division.

**Table A-5**  
**Summary of Induced Employment Impacts by Occupation**  
**Prototype H-3: Lower and Mid-Rise Rental Apartments**  
**West Oakland, East Oakland, and Parts of North Oakland**

SOC Code	Occupational Title	Mean Annual Wage	Induced Jobs
	Total all occupations		39.75
11-0000	Management Occupations	\$132,921	1.99
13-0000	Business and Financial Operations Occupations	\$85,001	2.20
15-0000	Computer and Mathematical Occupations	\$102,401	0.85
17-0000	Architecture and Engineering Occupations	\$99,815	0.46
19-0000	Life, Physical, and Social Science Occupations	\$88,094	0.40
21-0000	Community and Social Services Occupations	\$55,951	0.91
23-0000	Legal Occupations	\$112,338	0.31
25-0000	Education, Training, and Library Occupations	\$60,666	1.51
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	\$59,672	0.65
29-0000	Healthcare Practitioners and Technical Occupations	\$107,400	2.54
31-0000	Healthcare Support Occupations	\$39,944	1.19
33-0000	Protective Service Occupations	\$57,796	1.19
35-0000	Food Preparation and Serving-Related Occupations	\$23,778	4.81
37-0000	Building and Grounds Cleaning and Maintenance Occupations	\$33,118	1.30
39-0000	Personal Care and Service Occupations	\$27,917	2.80
41-0000	Sales and Related Occupations	\$46,670	4.84
43-0000	Office and Administrative Support Occupations	\$44,134	6.56
45-0000	Farming, Fishing, and Forestry Occupations	\$28,395	0.04
47-0000	Construction and Extraction Occupations	\$62,313	0.75
49-0000	Installation, Maintenance, and Repair Occupations	\$56,039	1.40
51-0000	Production Occupations	\$41,629	0.80
53-0000	Transportation and Material Moving Occupations	\$42,568	2.25

Note: The calculations assume a development project of prototype H-3 with 120 units.

Source: ADE, Inc., data from IMPLAN3 input-output model and California Labor Market Information Division.

**Table A-6**  
**Summary of Induced Employment Impacts by Occupation**  
**Prototype H-4: Mid-Rise Rental Apartments**  
**Downtown, Jack London, Broadway-Valdez, and Parts of North Oakland**

<b>SOC Code</b>	<b>Occupational Title</b>	<b>Mean Annual Wage</b>	<b>Induced Jobs</b>
	Total all occupations		176.87
11-0000	Management Occupations	\$132,921	8.84
13-0000	Business and Financial Operations Occupations	\$85,001	9.47
15-0000	Computer and Mathematical Occupations	\$102,401	3.62
17-0000	Architecture and Engineering Occupations	\$99,815	1.89
19-0000	Life, Physical, and Social Science Occupations	\$88,094	1.63
21-0000	Community and Social Services Occupations	\$55,951	4.01
23-0000	Legal Occupations	\$112,338	1.28
25-0000	Education, Training, and Library Occupations	\$60,666	6.10
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	\$59,672	2.87
29-0000	Healthcare Practitioners and Technical Occupations	\$107,400	11.90
31-0000	Healthcare Support Occupations	\$39,944	5.66
33-0000	Protective Service Occupations	\$57,796	4.75
35-0000	Food Preparation and Serving-Related Occupations	\$23,778	22.60
37-0000	Building and Grounds Cleaning and Maintenance Occupations	\$33,118	5.76
39-0000	Personal Care and Service Occupations	\$27,917	12.82
41-0000	Sales and Related Occupations	\$46,670	21.83
43-0000	Office and Administrative Support Occupations	\$44,134	28.94
45-0000	Farming, Fishing, and Forestry Occupations	\$28,395	0.17
47-0000	Construction and Extraction Occupations	\$62,313	3.07
49-0000	Installation, Maintenance, and Repair Occupations	\$56,039	6.19
51-0000	Production Occupations	\$41,629	3.55
53-0000	Transportation and Material Moving Occupations	\$42,568	9.92

Note: The calculations assume a development project of prototype H-4 with 180 units.

Source: ADE, Inc., data from IMPLAN3 input-output model and California Labor Market Information Division.

**Table A-7**  
**Summary of Induced Employment Impacts by Occupation**  
**Prototype H-5: High-Rise Rental Apartments on Prime Sites**  
**Downtown, Jack London, Broadway-Valdez, and Parts of Estuary Waterfront**

SOC Code	Occupational Title	Mean Annual Wage	Induced Jobs
	Total all occupations		275.18
11-0000	Management Occupations	\$132,921	13.72
13-0000	Business and Financial Operations Occupations	\$85,001	14.70
15-0000	Computer and Mathematical Occupations	\$102,401	5.62
17-0000	Architecture and Engineering Occupations	\$99,815	2.92
19-0000	Life, Physical, and Social Science Occupations	\$88,094	2.53
21-0000	Community and Social Services Occupations	\$55,951	6.23
23-0000	Legal Occupations	\$112,338	1.98
25-0000	Education, Training, and Library Occupations Arts, Design, Entertainment, Sports, and Media Occupations	\$60,666	9.50
27-0000	Occupations	\$59,672	4.46
29-0000	Healthcare Practitioners and Technical Occupations	\$107,400	18.54
31-0000	Healthcare Support Occupations	\$39,944	8.81
33-0000	Protective Service Occupations	\$57,796	7.34
35-0000	Food Preparation and Serving-Related Occupations Building and Grounds Cleaning and Maintenance Occupations	\$23,778	35.24
37-0000	Occupations	\$33,118	8.94
39-0000	Personal Care and Service Occupations	\$27,917	19.97
41-0000	Sales and Related Occupations	\$46,670	34.10
43-0000	Office and Administrative Support Occupations	\$44,134	45.01
45-0000	Farming, Fishing, and Forestry Occupations	\$28,395	0.26
47-0000	Construction and Extraction Occupations	\$62,313	4.74
49-0000	Installation, Maintenance, and Repair Occupations	\$56,039	9.59
51-0000	Production Occupations	\$41,629	5.52
53-0000	Transportation and Material Moving Occupations	\$42,568	15.44

Note: The calculations assume a development project of prototype H-5 with 220 units.

Source: ADE, Inc., data from IMPLAN3 input-output model and California Labor Market Information Division.



## APPENDIX B

### HOUSING AFFORDABILITY GAP ANALYSIS

Estimating the housing affordability gap is necessary to calculate the maximum legal housing impact fees. The affordability gap is used to calculate the cost of developing affordable housing for new worker households with lower and moderate incomes (see Step 9 of the nexus methodology). This Appendix presents the analytic steps taken to calculate the housing affordability gap and the results of the calculations.

The housing affordability gap is defined as the difference between what extremely low-, very low-, low-, and moderate-income households can afford to pay for housing and the costs of developing new, modest housing units for those households. Calculating the housing affordability gap involves the following three steps:

1. Estimating affordable rents and housing prices for households in targeted income groups.
2. Estimating development costs of building new, modest housing units, based on current costs and additional market data.
3. Calculating the difference between what renters and owners can afford to pay for housing and the development costs of rental and ownership units.

Each step is described in the sections that follow.

#### ESTIMATING AFFORDABLE RENTS AND SALES PRICES

The first step in calculating the housing affordability gap is to determine the maximum amount that households at the targeted income levels can afford to pay for housing. For eligibility purposes, most affordable housing programs define extremely low-income households as those earning approximately 30 percent or less of area median income (AMI), very low-income households as those earning approximately 50 percent or less of AMI, low-income households as those earning between 51 and 80 percent of AMI, and moderate-income households as those earning between 81 and 120 percent of AMI. In order to ensure that the calculations to define affordability do not overstate affordability for the categories defined by ranges, this analysis does not use the top incomes for the low- and moderate-income groups, 80% and 120% respectively, but uses lower threshold incomes for those groups.

Table B-1 presents the unit types and household sizes used in the gap analysis. Table B-2 provides the income assumptions that are used.

**Table B-1**  
**Unit Types and Household Sizes**  
**Used in Housing Affordability Gap Analysis**

Unit Type	Rental Household Size	Ownership Household Size
Studio	1 person	NA
1-bedroom	2 person	1.5 person
2-bedroom	3 person	3 person
3- bedroom	4 person	4 person
4- bedroom	5 person	5 person

Source: Vernazza Wolfe Associates Inc.

**Table B-2**  
**Income Assumptions by Tenure**  
**Used in Affordability Gap Analysis**

Income Category	Percent of Area Median Income Assumed in Gap Calculations/a/
<b>Rental Housing</b>	
Extremely Low-Income	30%
Very Low-Income	50%
Low-Income/b/	60%
Moderate-Income/c/	110%
<b>Ownership Housing</b>	
Very Low-Income	50%
Low-Income/b/	70%
Moderate-Income/c/	110%

/a/ Area median income for the City of Oakland

/b/ Although the Affordability Gap calculations use 60% (for rental) and 70% (for owners) of AMI for affordability gap calculations, the Housing Impact Fee calculations for rental housing still include households up to 80% AMI as low-income.

/c/ Although the Affordability Gap calculations use 110% of AMI for both rental and ownership affordability gap calculations, the Housing Impact Fee calculations still include households up to 120% AMI as moderate-income.

Source: Vernazza Wolfe Associates Inc.

Table B-3 shows the incomes used for both the rental and ownership gap calculations for the different affordable income categories. Table B-4 demonstrates the rents that are affordable at each income level used in this study. The maximum affordable monthly rent is calculated as 30 percent of gross monthly household income, minus a deduction for utilities. The utility allowance is included in both the rental and ownership affordability calculations. Assumptions used in the calculation of utility costs are based on schedules provided by the Oakland Housing Authority (based on unit sizes) and information from the US Census on utilities commonly used in rental and ownership housing units.

**Table B-3**  
**City of Oakland Income Limits**  
**By Tenure for Affordability Gap Analysis**

Income Category	Number of Persons in Household					
	1	1.5	2	3	4	5
<b>Rental Housing</b>						
Extremely Low Income (30% AMI)	\$19,500	NA	\$22,300	\$25,100	\$27,850	\$30,100
Very Low Income (50% AMI)	\$32,550	NA	\$37,200	\$41,850	\$46,450	\$50,200
Low Income (60% AMI)	\$39,060	NA	\$44,640	\$50,220	\$55,740	\$60,240
Moderate Income (110% AMI)	\$71,995	NA	\$82,280	\$92,565	\$102,850	\$111,100
<b>Ownership Housing</b>						
Very Low Income (50% AMI)	\$32,550	\$34,875	\$37,200	\$41,850	\$46,450	\$50,200
Low Income (70% AMI)	\$44,610	\$47,790	\$50,970	\$57,340	\$63,670	\$68,800
Moderate Income (110% AMI)	\$71,995	\$77,138	\$82,280	\$92,565	\$102,850	\$111,100

Note: 30%, 50%, 60%, and 70% of AMI income limits provided by the City of Oakland based on the 2015 HOME Income Limits. 110% of AMI calculated based on median household incomes provided by the City of Oakland.

Sources: City of Oakland; Vernazza Wolfe Associates, Inc., 2015.

**Table B-4**  
**Affordable Rent Calculations by Income Level and Unit Type**

	Studio	1 BR	2 BR	3 BR	4 BR
Household Size (Persons per HH)	1	2	3	4	5
<b>Extremely Low Income (30% AMI)</b>					
Maximum Household Income at 30% AMI	\$19,500	\$22,300	\$25,100	\$27,850	\$30,100
Maximum Monthly Housing Cost/a/	\$488	\$558	\$628	\$696	\$753
Utility Deduction/b/	\$34	\$40	\$49	\$60	\$74
Maximum Available for Rent/c/	\$454	\$518	\$579	\$636	\$679
<b>Maximum Available for Rent (Unit Type)</b>	<b>\$454</b>	<b>\$518</b>	<b>\$579</b>	<b>\$636</b>	<b>\$679</b>
<b>Very Low Income (50% AMI)</b>					
Maximum Household Income at 50% AMI	\$32,550	\$37,200	\$41,850	\$46,450	\$50,200
Maximum Monthly Housing Cost/a/	\$814	\$930	\$1,046	\$1,161	\$1,255
Utility Deduction/b/	\$34	\$40	\$49	\$60	\$74
Maximum Available for Rent/c/	\$780	\$890	\$997	\$1,101	\$1,181
<b>Maximum Available for Rent (Unit Type)</b>	<b>\$780</b>	<b>\$890</b>	<b>\$997</b>	<b>\$1,101</b>	<b>\$1,181</b>
<b>Low Income (60% AMI)</b>					
Maximum Household Income at 60% AMI	\$39,060	\$44,640	\$50,220	\$55,740	\$60,240
Maximum Monthly Housing Cost/a/	\$977	\$1,116	\$1,256	\$1,394	\$1,506
Utility Deduction/b/	\$34	\$40	\$49	\$60	\$74
Maximum Available for Rent/c/	\$943	\$1,076	\$1,207	\$1,334	\$1,432
<b>Maximum Available for Rent (Unit Type)</b>	<b>\$943</b>	<b>\$1,076</b>	<b>\$1,207</b>	<b>\$1,334</b>	<b>\$1,432</b>
<b>Moderate Income (110% AMI)</b>					
Maximum Household Income at 110% AMI	\$71,995	\$82,280	\$92,565	\$102,850	\$111,100
Maximum Monthly Housing Cost/a/	\$1,800	\$2,057	\$2,314	\$2,571	\$2,778
Utility Deduction/b/	\$34	\$40	\$49	\$60	\$74
Maximum Available for Rent/c/	\$1,766	\$2,017	\$2,265	\$2,511	\$2,704
<b>Maximum Available for Rent (Unit Type)</b>	<b>\$1,766</b>	<b>\$2,017</b>	<b>\$2,265</b>	<b>\$2,511</b>	<b>\$2,704</b>

/a/ 30 percent of maximum monthly household income.

/b/ Assumptions used in the calculation of utility costs are based on schedules by unit size provided by the Oakland Housing Authority and information from the US Census on utilities commonly used in rental and ownership housing units.

/c/ Maximum monthly housing cost minus utility deduction.

Sources: City of Oakland, 2015; Oakland Housing Authority, 2014; Vernazza Wolfe Associates, Inc. 2015

Table B-5 presents the affordable homeownership calculations which are more complex than the affordable rental housing calculations. Very low-income and low-income homeowners are assumed to pay a maximum of 30 percent of gross monthly income on total housing costs, and moderate-income households are assumed to pay 35% of gross monthly income on total housing costs. The maximum affordable price for for-sale housing is then calculated based on the total monthly mortgage payment that a homeowner could afford, using standard loan terms used by CalHFA programs and many private lenders for first-time homebuyers, including a five percent down payment.

**Table B-5**  
**Affordable Sales Price Calculations by Income Level and Unit Type**

Income Level and Unit Type/a/	Affordable Sales Price/b/
<b>Very Low-Income Households (50% AMI)</b>	
1 Bedroom	\$61,657
2 Bedroom	\$87,572
3 Bedroom	\$104,663
4 Bedroom	\$118,596
<b>Low-Income Households (70% AMI)</b>	
1 Bedroom	\$109,641
2 Bedroom	\$145,124
3 Bedroom	\$168,642
4 Bedroom	\$187,702
<b>Moderate-Income Households (110% AMI)</b>	
1 Bedroom	\$266,445
2 Bedroom	\$333,318
3 Bedroom	\$377,900
4 Bedroom	\$413,660

/a/ The sales price table differs from the rental table in that a studio unit is not included for the sales calculations. This reflects the fact that there are no studio units developed for sale in single-family detached or townhouse development in the Oakland housing market.

/b/ Assumes 30% of gross annual household income allocated to housing costs. Affordable sales prices are based on a number of assumptions, including standard loan terms for first-time homebuyers used by CalHFA programs and many private lenders:

- Downpayment: 5%
- Mortgage term: 30-year fixed rate
- Interest rate: 4.125%
- Property mortgage insurance: 0.89% of sales price
- Property insurance: 0.35% of sales price
- Property maintenance reserve: \$300 per month

Source: Vernazza Wolfe Associates Inc.

## ESTIMATING HOUSING DEVELOPMENT COSTS

The second step in calculating the housing affordability gap is to estimate the cost of developing new, modest housing units. Modest housing is defined slightly differently for rental and ownership housing. For rental housing, the costs and characteristics of modest housing are similar to recent projects developed in Oakland by the affordable rental housing development sector. Modest for-sale housing is assumed to be similar to modest sized and priced single-family homes developed in Oakland.

The calculation of housing development costs used in the housing affordability gap analysis requires several steps. Because the gap covers both rental housing and for-sale housing, it is necessary to estimate costs for each separately. Table B-6 presents development costs for rental and ownership housing.

### Rental Housing Development Costs

No one rental housing project is used to model rental housing development costs. Costs used in this Study are more “synthetic” in nature and depend on multiple data sources. The determination of new rental unit development costs relied on two steps. First, it is necessary to develop costs per square foot. For this analysis, pro formas from four Oakland, affordable, family rental developments were examined.<sup>10</sup> The average development cost per square foot is \$515/SF for mid-rise multi-family development.

The second step is to determine the size of rental units (in square feet). This rounded size estimate is undertaken for all unit sizes - studio units through four-bedroom units. Once unit sizes are determined, the same square foot cost measure is applied to each unit size to develop estimates of rental housing development costs for each unit size included in the analysis.<sup>11</sup>

### For-Sale Housing Development Costs

To model for-sale housing development costs, there were fewer examples to consider. However, two recent modest developments in East Oakland were studied – Arcadia Park in East Oakland and a recent Habitat for Humanity development on Edes Avenue and adjacent streets, also in East Oakland. The City of Oakland provided a pro forma for the Habitat for Humanity homes. For Arcadia Park, this study used initial sales price information, provided by DataQuick (to provide the basis for estimating total development costs). Again, average costs per SF were estimated. Based on this information, a development cost of \$400/SF was estimated and used in

<sup>10</sup> These projects include developments at 3706 San Pablo, West Grand and Brush, Phase I at 94<sup>th</sup> and International, and 1701 MLK.

<sup>11</sup> In reality, square foot costs are not the same across unit sizes. For example, they are generally higher for smaller units and lower for larger units. However, for the purpose of this study, the cost measure developed was an average across several different unit sizes.

the analysis.<sup>12</sup> Rounded unit size information for the one- through four-bedroom units included in the gap analysis was based on the Habitat for Humanity homes.<sup>13</sup>

<b>Table B-6</b>			
<b>Unit Types, Sizes, and Costs Used in Housing Affordability Gap Analysis</b>			
	Unit Type by Number of Bedrooms	Unit Size (net SF)	Development Costs
<b>Rental Housing Development Cost @ \$515 per Net SF</b> (mid-rise multi-family development)			
	Studio	500	\$257,500
	1	600	\$309,000
	2	850	\$437,750
	3	1,200	\$618,000
	4	1,500	\$772,500
<b>For-Sale Housing Development Cost @ \$400 per Net SF</b> (modest, single-family home development)			
	1	900	\$360,000
	2	1,150	\$460,000
	3	1,450	\$580,000
	4	1,500	\$600,000
Sources: Vernazza Wolfe Associates, Inc., City of Oakland Housing Pro Formas, and DataQuick Sales Data.			

## CALCULATING THE HOUSING AFFORDABILITY GAP

The final step in the analysis is to calculate the housing affordability gap, or the difference between what renters and owners can afford to pay and the total cost of developing new units. The purpose of the housing affordability gap calculation is to help determine the fee amount that would be necessary to cover the cost of developing housing for extremely low-, very low-, low-, and moderate-income households.<sup>14</sup> The calculation does not assume the availability of any other source of housing subsidy because not all "modest" housing is built with public subsidies, and because tax credits and tax-exempt bond financing are highly competitive programs that will not always be available to developers of modest housing units.

<sup>12</sup> The Habitat for Humanity costs includes prevailing wages.

<sup>13</sup> Arcadia Park homes are all three-bedroom units and are slightly larger than the three-bedroom, Habitat for Humanity homes. Arcadia Park homes have three bathrooms, and Habitat for Humanity homes average two bathrooms per unit.

<sup>14</sup> Although the affordability gap calculations are done for developing housing for extremely low-, very low-, low-, and moderate-income households, the nexus calculations do not use the gap amounts for extremely low-income households as the IMPLAN3 Model results do not identify worker households in that category.

Table B-7 shows the housing affordability gap calculations for rental housing units. For each rental unit type and income level, the gap is defined as the difference between the per-unit cost of development and the supportable debt per unit. The supportable debt is calculated based on the net operating income generated by an affordable monthly rent, incorporating assumptions about operating expenses, reserves, vacancy and collection loss, and market-rate mortgage terms. Because household sizes are not uniform and the type of units each household may occupy is variable, the housing affordability gap is calculated by averaging the housing affordability gaps for the unit sizes (studios through four-bedroom units).



**Table B-7**  
**Rental Housing Affordability Gap Calculations**

Income Level and Unit Type	Unit Size (SF)	Maximum Monthly Rent/a/	Annual Income	Net Operating Income/b/	Available for Debt Service/c/	Supportable Debt/d/	Development Costs/e/	Affordability Gap
<b>Extremely Low-Income (30% AMI)</b>								
Studio	500	\$454	\$5,442	(\$2,330)	\$0	\$0	\$257,500	\$257,500
1 Bedroom	600	\$518	\$6,210	(\$1,601)	\$0	\$0	\$309,000	\$309,000
2 Bedroom	850	\$579	\$6,942	(\$905)	\$0	\$0	\$437,750	\$437,750
3 Bedroom	1,200	\$636	\$7,635	(\$247)	\$0	\$0	\$618,000	\$618,000
4 Bedroom	1,500	\$679	\$8,142	\$235	\$235	\$3,106	\$772,500	\$769,394
<b>Average Affordability Gap/f/</b>								<b>\$478,329</b>
<b>Very Low-Income (50% AMI)</b>								
Studio	500	\$780	\$9,357	\$1,389	\$1,111	\$14,695	\$257,500	\$242,805
1 Bedroom	600	\$890	\$10,680	\$2,646	\$2,117	\$27,990	\$309,000	\$281,010
2 Bedroom	850	\$997	\$11,967	\$3,869	\$3,095	\$40,923	\$437,750	\$396,827
3 Bedroom	1,200	\$1,101	\$13,215	\$5,054	\$4,043	\$53,465	\$618,000	\$564,535
4 Bedroom	1,500	\$1,181	\$14,172	\$5,963	\$4,771	\$63,082	\$772,500	\$709,418
<b>Average Affordability Gap/f/</b>								<b>\$438,919</b>
<b>Low-Income (60% AMI)</b>								
Studio	500	\$943	\$11,310	\$3,245	\$2,596	\$34,321	\$257,500	\$223,179
1 Bedroom	600	\$1,076	\$12,912	\$4,766	\$3,813	\$50,420	\$309,000	\$258,580
2 Bedroom	850	\$1,207	\$14,478	\$6,254	\$5,003	\$66,157	\$437,750	\$371,593
3 Bedroom	1,200	\$1,334	\$16,002	\$7,702	\$6,162	\$81,472	\$618,000	\$536,528
4 Bedroom	1,500	\$1,432	\$17,184	\$8,825	\$7,060	\$93,351	\$772,500	\$679,149
<b>Average Affordability Gap/f/</b>								<b>\$413,806</b>
<b>Moderate-Income (110% AMI)</b>								
Studio	500	\$1,766	\$21,191	\$12,631	\$10,105	\$133,613	\$257,500	\$123,887
1 Bedroom	600	\$2,017	\$24,204	\$15,494	\$12,395	\$163,897	\$309,000	\$145,103
2 Bedroom	850	\$2,265	\$27,182	\$18,322	\$14,658	\$193,819	\$437,750	\$243,931
3 Bedroom	1,200	\$2,511	\$30,135	\$21,128	\$16,903	\$223,499	\$618,000	\$394,501
4 Bedroom	1,500	\$2,704	\$32,442	\$23,320	\$18,656	\$246,683	\$772,500	\$525,817
<b>Average Affordability Gap/f/</b>								<b>\$286,648</b>

Note: The calculations do not assume the availability of any other sources of housing subsidy because not all "modest" housing is built with public subsidies, and tax credits and tax-exempt bond financing are highly competitive programs that will not always be available to developers of modest housing units.

/a/ Affordable rents are based on City of Oakland's 2015 Income Limits. These are net rents, since utility costs have been deducted.

/b/ Amount available for debt. Assumes 5% vacancy and collection loss and \$7,500 per unit for operating expenses and reserves.

/c/ Assumes 1.25 Debt Coverage Ratio.

/d/ Assumes 5.38%, 30 year loan. Calculations based on annual payments.

/e/ Assumes development cost of \$515 per net square foot on rental units.

/f/ Calculated as the simple average across all unit sizes because of variability in the relationship between household size and the type of unit occupied.

Sources: Vernazza Wolfe Associates, Inc., and selected Oakland Rental Housing Pro Formas.

Table B-8 shows the housing affordability gap calculations for ownership units.<sup>15</sup> For each unit type, the gap is calculated as the difference between the per-unit cost of development and the affordable sales price at each income level. As with rental housing, the average housing affordability gap for each income level is calculated by averaging the housing affordability gaps across unit sizes.

<b>Table B-8</b>				
<b>For-Sale Housing Affordability Gap Calculations</b>				
Income Level and Unit Type	Unit Size (SF)	Affordable Sales Price/a/	Development Costs/b/	Affordability Gap/c/
<b>Very Low-Income (50% AMI)</b>				
1 Bedroom	900	\$61,657	\$360,000	\$298,343
2 Bedroom	1,150	\$87,572	\$460,000	\$372,428
3 Bedroom	1,450	\$104,663	\$580,000	\$475,337
4 Bedroom	1,500	\$118,596	\$600,000	\$481,404
<b>Average Affordability Gap/d/</b>				<b>\$406,878</b>
<b>Low Income (70% of AMI)</b>				
1 Bedroom	900	\$109,641	\$360,000	\$250,359
2 Bedroom	1,150	\$145,124	\$460,000	\$314,876
3 Bedroom	1,450	\$168,642	\$580,000	\$411,358
4 Bedroom	1,500	\$187,702	\$600,000	\$412,298
<b>Average Affordability Gap/d/</b>				<b>\$347,223</b>
<b>Moderate Income (110% of AMI)</b>				
1 Bedroom	900	\$266,445	\$360,000	\$93,555
2 Bedroom	1,150	\$333,318	\$460,000	\$126,682
3 Bedroom	1,450	\$377,900	\$580,000	\$202,100
4 Bedroom	1,500	\$413,660	\$600,000	\$186,340
<b>Average Affordability Gap/d/</b>				<b>\$152,169</b>

Note: The calculations do not assume the availability of any other sources of housing subsidy because not all "modest" housing is built with public subsidies, and tax credits and tax-exempt bond financing are highly competitive programs that will not always be available to developers of modest housing units.

/a/ See Table A-5.

/b/ Assumes \$400/SF for development costs.

/c/ Calculated as the difference between affordable sales price and development cost.

/d/ Calculated as the simple average across all unit sizes because of variability in the relationship between household size and the type of unit occupied.

Sources: Vernazza Wolfe Associates, Inc., Habitat for Humanity pro forma, and DataQuick Sales Data.

<sup>15</sup> The affordability gap for ownership housing is not calculated for the extremely low-income category.

Finally, Table B-9 presents the tenure-neutral estimates of the housing affordability gap for extremely low-, very low-, low-, and moderate-income households by averaging the rental and ownership gaps for each income group. The calculated average affordability gap per household is \$478,329 for extremely low-income households, \$422,898 for very low-income households, \$380,514 for low-income households, and \$219,409 for moderate-income households. The housing affordability gap is highest for extremely low-income households because they have the least money to spend on housing costs. The gap is also higher for rental housing due to the higher development cost per square foot in comparison to for-sale development costs.<sup>16</sup>

**Table B-9**  
**Combined Average Affordability Gap by Income Group**

Income Level	Rental Gap	Ownership Gap	Combined Average Affordability Gap
Extremely Low-Income (30% AMI)	\$478,329	NA	<b>\$478,329</b>
Very Low-Income (50% AMI)	\$438,919	\$406,878	<b>\$422,898</b>
Low-Income (60% - 70% AMI)	\$413,806	\$347,223	<b>\$380,514</b>
Moderate-Income (110% AMI)	\$286,648	\$152,169	<b>\$219,409</b>

Source: Vernazza Wolfe Associates, Inc. 2015.

<sup>16</sup> As identified earlier in this appendix, the development of rental housing assumes mid-rise multi-family development which is higher cost per square foot than development of modest, single-family homes as ownership housing.

**COMMERCIAL DEVELOPMENT LINKAGE FEE  
ANALYSIS**

**CITY OF OAKLAND**

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## I. INTRODUCTION AND EXECUTIVE SUMMARY

### A. Introduction

The City of Oakland retained David Paul Rosen & Associates (DRA) to prepare a nexus study examining the legality and basis for establishing a rational nexus between non-residential development and the need for affordable housing in the City of Oakland. The City is experiencing a severe housing crisis, particularly for low and moderate income households. This crisis is evidenced by record low vacancy rates and escalation of housing costs at rates well above inflation and the increase in household income. To the extent that new non-residential development increases demand for housing and exacerbates this housing crisis, the City has a strong public interest in causing new housing to be developed to meet this additional demand.

An important policy goal of the Oakland Mayor is to bring more residents downtown to create a more vital central city. The City's *10K Plan* calls for attracting 10,000 new residents to downtown Oakland. Several new market-rate housing developments have been constructed downtown in the last several years, in response to this policy and the rising demand for downtown housing.

In addition to market rate housing, future employment growth will generate demand for housing affordable to lower and moderate income workers. Other cities in California, such as San Diego, Sacramento and San Francisco, have established commercial development linkage fees, also known as nexus fees, to generate revenues for affordable housing development. Through payment of these fees, non-residential developers mitigate at least a portion of the impact of their developments on the housing market. The study analyzes the supportable fee in Oakland based on the nexus between non-residential development and affordable housing.

The remaining two sections of this Chapter describe the nexus concept, the study methodology, and key findings of the analysis.

Chapter II provides an overview of demographic and economic trends and conditions in the nine-county San Francisco Bay Area, which sets the context for the local nexus between non-residential development and need for affordable housing in Oakland.

Chapter III summarizes a survey of nexus fees on commercial/industrial development in the state.

Chapter IV describes the methodology, assumptions and findings of the nexus analysis. The nexus analysis estimates the number of low and moderate income households associated with development of office, warehouse/distribution, retail, and hotel development in Oakland. It is based on the demographic and economic characteristics of employees expected to work in those developments.

Chapter V estimates the maximum supportable nexus fee on commercial/industrial development in Oakland. The fee estimate is based on the results of the nexus analysis



from Chapter IV and an affordability gap analysis of the difference between housing development costs in Oakland and the amount low and moderate income residents can afford to pay for housing.

Chapter VI summarizes an evaluation of the potential economic impacts of a commercial/industrial nexus fee in Oakland on future commercial/industrial development in Oakland. The analysis evaluates the potential impact of alternative fee levels on rents and rates of return on investor equity for office, warehouse/distribution, retail and hotel uses. The analysis also reviews development impact fees on commercial/industrial development in selected Bay Area communities, in comparison with Oakland.

## **B. The Nexus Requirement**

In order to establish a nexus fee on commercial/industrial development to increase the production of affordable housing, the City of Oakland must demonstrate that there is a reasonable relationship between non-residential construction and the need for housing affordable to low and moderate income groups.

In essence, the legal requirement is that a local government charging a fee make some affirmative showing that: (1) those who must pay the fee are contributing to the problem which the fee will address; and (2) the amount of the fee is justified by the magnitude of the fee-payer's contribution to the problem.

Fees on development in California are subject to two overlapping sets of legal requirements, constitutional requirements of nexus and "rough proportionality" under the U. S. Supreme Court cases of Nollan v. California Coastal Commission (1987) 483 U. S. 825 and Dolan v. City of Tigard (1994) 512 U. S. 374, and California's statutory "reasonable relationship" requirements under California Government Code sections 66000-66010. Although legally distinct, these two standards are substantively similar and in practice a development fee which satisfies one will almost certainly satisfy both. The California Supreme Court in Ehrlich v. City of Culver City (1996) 12 Cal. 4<sup>th</sup> 854, 867 concluded that the two standards "for all practical purposes, have merged."

The Supreme Court's decision on the Nollan v. California Coastal Commission imposed a requirement that a "rational nexus" be demonstrated between the impact associated with an action and the remedy being required or, in the case of a fee, the use of the funds being extracted from the developer.

To implement the Nollan decision in California, the State Legislature passed A.B. 1600, which requires local jurisdictions to establish a reasonable relationship between a development project or class of development project, and the public improvement for which the developer fee is charged, and to segregate and account for the money separately from general fund monies.

There is currently little dispute that commercial development, by increasing employment, also increases the demand for housing for the added employees, and that market housing development, with no public assistance, will not provide enough additional housing for the additional lower-earning employees.

### C. Nexus Methodology

The numerical nexus analysis in this report identifies the number of households of low and moderate income levels associated with the employees that work in a building of a given size and land use type in Oakland, and calculates the development impact fee required to make housing affordable to those households.

This analysis determines the number of employee households in each of the following three income categories:

- Very low income: those earning less than 50% of area median income;
- Low income: those earning between 50% and 80% of area median income;
- Moderate income: those earning between 80% and 100% of area median income.

We examined the development of 100,000 square foot building modules of four building types. These building types were selected to represent a majority of the development pipeline in Oakland.

- Office;
- Warehouse/Distribution;
- Retail; and
- Hotel.

The nexus analysis employs a tested nexus and gap methodology that has proven acceptable to the courts. The economic analysis uses a conservative approach to understate the legally supportable fee amount. Therefore, the housing impacts are likely even greater than indicated in the analysis. Using conservative assumptions, justified fee amounts are still above those likely to be considered reasonable and sustainable in the market.

The nexus economic analysis methodology employs the following seven steps. A detailed discussion of the assumptions used in the nexus analysis is contained in Chapter IV.

1. Estimate total new employees;
2. Estimate new employees living in the city of Oakland;
3. Adjust for potential future increase in labor force participation;
4. Estimate the number of new households represented by the number of new employees;
5. Distribute households by occupational groupings for each land use;
6. Estimate employee households meeting very low, low, and moderate income limits, adjusted for household size; and
7. Adjust for multiple earner households.

The results of these seven steps is the estimated number of households by land use living in Oakland and qualifying as very low, low or moderate income. DRA prepared a housing affordability gap analysis to calculate the development impact fee required to make housing affordable to these new Oakland households. The affordability gap analysis calculates the capital subsidy required to develop housing affordable to families at specified income levels.

The affordability gap was estimated for three prototypical housing developments in Oakland: one renter-occupied and two owner-occupied. For rental housing, the gap analysis calculates the difference between total development costs and the conventional mortgage supportable by net operating income from affordable rents. For owners, the gap is the difference between development costs and the supportable mortgage plus the buyer's downpayment.

The results of the gap analysis were used to determine the fee amount by land use that would be required to develop housing affordable to the very low, low and moderate income households who will need to find housing in Oakland in connection with new non-residential development in the City.

**D. Summary of Findings**

**1. Justifiable Nexus Fee**

The economic analysis estimated the following supportable fees under consistently conservative assumptions:

Household Income Category	Per Square Foot Supportable Fees by Land Use			
	Class A Office	Warehouse/ Distribution	Retail	Hotel
Very Low	\$22.08	\$7.79	\$20.78	\$10.39
Low	\$9.24	\$4.11	\$9.24	\$2.05
Moderate	\$3.79	\$0.95	\$2.37	\$0.47
Total	\$35.11	\$12.85	\$32.39	\$12.91

## 2. Economic Impact of Nexus Fees

A number of communities in California have adopted linkage fees. Our interviews with developers indicated that fees in at least nine jurisdictions, some of which have been in place for more than fifteen years and through one or two full business cycles, have had no discernible impact on development. One reason may be that fee levels are relatively small as a percentage of development costs and rents, and therefore do not affect developers' decisions to build or not build, which are based on the strength of market demand. The impact of existing fees on rents appears marginal and within the range of elasticity of market rents.

DRA assessed the potential economic impact of a linkage fee in Oakland at illustrative fee levels on office, hotel, retail and warehouse/distribution land uses. A new nexus fee on non-residential development would result in an increase in rents, a decrease in the rate of return to equity investors, or most likely some combination of the two.

### a. Effect on Rents

The economic impact assessment calculates the increase in rents required to finance the fee at current market terms for both debt and equity financing. After calculating the increase in rents required to finance the commercial development impact fee at illustrative levels, we calculated the increase in rents as a percentage of current market rents.

The findings of the rent analysis are summarized below. For example, the analysis estimates that a \$2.00 per square foot housing linkage fee would require an increase in the annual gross office rent of \$0.23 per square foot, representing less than a 1 percent increase in current office rents.

Assumed Linkage Fee Per SF Building Area	Increase in Annual Gross Rent Per Square Foot Required to Finance Linkage Fee (Increase as Percent of Current Market Rent)			
	Class A Office	Warehouse/Distribution	Retail	Luxury Hotel
\$2.00	\$0.23 (0.63%)	\$0.23 (0.89%)	\$0.23 (0.90%)	\$1.01 (0.81%)
\$4.00	\$0.45 (1.26%)	\$0.45 (1.78%)	\$0.45 (1.79%)	\$2.01 (1.61%)
\$6.00	\$0.68 (1.89%)	\$0.68 (2.66%)	\$0.68 (2.69%)	\$3.02 (2.42%)
\$8.00	\$0.91 (2.53%)	\$0.91 (3.55%)	\$0.91 (3.59%)	\$4.03 (3.22%)
\$10.00	\$1.14 (3.16%)	\$1.14 (4.44%)	\$1.14 (4.49%)	\$5.03 (4.03%)

**b. Effect on Rate of Return**

The economic assessment also looks at the potential decrease in returns to equity investors in non-residential development associated with a new nexus fee, assuming current rents are held constant. Using current market terms for equity and debt capital, we calculate the decrease, measured in basis points, in the current typical rate of return on equity that would result from a fee at various illustrative levels.

The findings of the rate of return on equity analysis are summarized below. For example, the economic impact analysis estimates that a \$2.00 per square foot housing linkage fee on office uses would decrease the rate of return to equity investors by only 12 basis points, from an assumed rate of 15.00 percent to 14.88 percent.

Assumed Linkage Fee Per SF Building Area	Rate of Return on Equity			
	Class A Office	Warehouse/Distribution	Retail	Luxury Hotel
No Fee	15.00%	15.00%	15.00%	15.00%
\$2.00	14.88%	14.77%	14.77%	14.91%
\$4.00	14.75%	14.55%	14.55%	14.83%
\$6.00	14.63%	14.34%	14.33%	14.75%
\$8.00	14.52%	14.13%	14.12%	14.66%
\$10.00	14.40%	13.93%	13.91%	14.58%

**3. Revenue Projections**

DRA projected linkage fee revenues at alternative fee levels based on the current pipeline of major development projects in Oakland. These projections are based on illustrative fee levels ranging from \$2.00 per square foot to \$10.00 per square foot.

The projections show potential revenues from major projects in the three major stages of the planning approval process in Oakland: pre-application, application under review, and application approved. We have excluded approved projects that have already received building permits or are under construction.

Combined total fees from all major projects in the development pipeline that have not received building permits equal \$11.7 million to \$58.3 million at fees of \$2.00 per square foot to \$10.00 per square foot, respectively. Clearly, a housing linkage fee is potentially a significant source of funds to help mitigate demand for affordable housing associated with job growth, even at fee levels substantially below those justified by the economic analysis.

## II. BAY AREA DEMOGRAPHIC AND ECONOMIC OVERVIEW

The substantial increase in employment in the Bay Area will draw new people to live in the region and will generate demand for housing at all income levels. The lack of housing, particularly affordable housing, is a constraint on area growth. It creates a policy problem the City is trying to address with a nexus fee. In the absence of efforts to increase the supply of affordable housing, higher paid workers will move into the area and will displace lower income workers.

This section summarizes recent demographic projections prepared by the Association of Bay Area Governments (ABAG) and describes the relationship between employment and housing, setting the context for the linkage analysis.

ABAG is required by state mandate to prepare regional economic and demographic forecasts for the nine-county San Francisco Bay Area every two years. The most recent edition, "Projections 2000", provides current estimates of the population, labor force, households, income and jobs for the period 1995 to 2020.

The nine-county Bay Area will add nearly a million new jobs over the next 20 years. As illustrated in **Table 1**, over 50 percent of the jobs will be in the relatively low-paying services sector. The manufacturing and wholesale sector will comprise 19 percent of the new jobs, retail will be 11 percent, and the remaining 19 percent will include a variety of professional and other jobs.

**Table 2** compares the projected labor supply with projected job growth for San Francisco Bay Area Corridor from 2000 to 2020. The projected increase in jobs exceeds the projected growth in employed residents by 99,060 individuals for the Bay Area. Projections 2000 concludes that a primary reason for this trend in regional growth has been local development and land use policies that seek to maximize job production without commensurate emphasis on housing production. This has been particularly true in the past for the Peninsula, Silicon Valley North, and I-80 South/Highway 24 (which includes Oakland) corridors. A consequence of the imbalance between job and labor supply growth is longer commute times and distances.

**Tables 3 through 6** display the projected increase in population, households, employment, and employed residents for each of the nine Bay Area counties during the 2000 to 2020 period.

**Table 1**  
**EMPLOYMENT BY INDUSTRY PROJECTIONS**  
**SAN FRANCISCO BAY AREA**  
**2000 to 2020**

County	2000	2010	2020	Change 2000-2010	Change 2010-2020
Agriculture, Mining	37,780	38,120	36,550	340	(1,570)
Construction	185,800	206,480	223,230	20,680	16,750
Manufacturing	558,790	631,510	680,790	72,720	49,280
Transportation, Communication, Utilities	223,570	266,210	293,390	42,640	27,180
Wholesale Trade	199,620	241,370	266,280	41,750	24,910
Retail Trade	579,960	634,320	685,780	54,360	51,460
F.I.R.E <sup>1</sup>	240,550	259,580	280,700	19,030	21,120
Services	1,390,860	1,661,020	1,919,260	270,160	258,240
Government	271,660	288,950	301,970	17,290	13,020
<b>Total</b>	<b>3,688,590</b>	<b>4,227,560</b>	<b>4,687,950</b>	<b>538,970</b>	<b>460,390</b>

SOURCE: Association of Bay Area Governments, "Projections -- 2000"

<sup>1</sup> Finance, insurance and real estate.

**Table 2**  
**PROJECTED LABOR SUPPLY AND JOB GROWTH**  
**SAN FRANCISCO BAY AREA CORRIDORS**  
**2000 to 2020**

Corridor	Population Growth	Household Growth	Employed Resident Growth	Job Growth	Labor Surplus/ (Deficit)
I-680 <sup>1</sup>	159,800	58,700	118,00	128,410	(9,610)
Highway 4 <sup>2</sup>	119,200	42,300	73,900	55,360	18,540
I-80 North <sup>3</sup>	175,400	61,340	118,200	111,380	6,820
I-80 Central <sup>4</sup>	27,700	9,650	22,800	24,750	(1,950)
I-80 South/ Highway 24 <sup>5</sup>	52,800	11,890	58,700	72,470	(13,770)
I-880 South <sup>6</sup>	76,600	23,550	66,500	79,150	(12,650)
Highway 101 North <sup>7</sup>	140,900	56,240	108,300	122,580	(14,280)
Peninsula <sup>8</sup>	82,500	40,050	124,000	174,260	(50,260)
Silicon Valley North <sup>9</sup>	233,800	86,930	190,400	202,010	(11,610)
Silicon Valley South <sup>10</sup>	27,600	10,920	18,700	28,990	(10,290)
<b>Total</b>	<b>1,096,300</b>	<b>401,570</b>	<b>900,300</b>	<b>999,360</b>	<b>(99,060)</b>

Note: This table compares employed residents to jobs and does not include unemployment.



Footnotes, Table 2:

<sup>1</sup>Includes Alamo-Blackhawk, Clayton, Concord, Danville, Dublin, Livermore, Pleasant Hill, Pleasanton, San Ramon, Walnut Creek, Alameda County Remainder.

<sup>2</sup>Includes Antioch, Brentwood, Martinez, Oakley, Pittsburg, Rural East Contra Costa County, Contra Costa County Remainder.

<sup>3</sup>Includes Napa and Solano counties.

<sup>4</sup>Includes El Cerrito, Hercules, Pinole, Richmond, Rodeo-Crockett, San Pablo.

<sup>5</sup>Includes Alameda, Albany, Berkeley, Emeryville, Lafayette, Moraga, Oakland, Orinda, Piedmont.

<sup>6</sup>Includes Ashland, Castro Valley, Cherryland-Fairview, Fremont, Hayward, Newark, San Leandro, San Lorenzo, Union City.

<sup>7</sup>Includes Marin and Sonoma counties.

<sup>8</sup>Includes San Francisco and San Mateo counties.

<sup>9</sup>Includes Campbell, Cupertino, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, Sunnyvale.

<sup>10</sup>Includes Gilroy, Morgan Hill, Santa Clara County Remainder.

SOURCE: Association of Bay Area Governments, "Projections – 2000"

**Table 3**  
**HOUSEHOLD POPULATION PROJECTIONS<sup>2</sup>**  
**SAN FRANCISCO BAY AREA**  
**2000 to 2020**

<b>County</b>	<b>2000</b>	<b>2010</b>	<b>2020</b>	<b>Change 2000-2010</b>	<b>Change 2010-2020</b>
Alameda	1,430,700	1,581,200	1,634,600	150,500	53,400
Contra Costa	930,500	1,065,300	1,156,900	134,800	91,600
Marin	241,800	259,100	266,300	17,300	7,200
Napa	122,100	136,200	151,100	14,100	14,900
San Francisco	776,200	795,800	785,600	19,600	(10,200)
San Mateo	725,000	767,600	797,600	42,600	30,000
Santa Clara	1,718,300	1,880,900	1,977,500	162,600	96,600
Solano	387,000	465,400	530,800	78,400	65,400
Sonoma	447,700	521,900	563,300	74,200	41,400
<b>Total</b>	<b>6,779,300</b>	<b>7,473,400</b>	<b>7,863,700</b>	<b>694,100</b>	<b>390,300</b>

SOURCE: Association of Bay Area Governments, "Projections - 2000"

<sup>2</sup> Household population excludes military and institutionalized persons.

**Table 4  
HOUSEHOLD PROJECTIONS  
SAN FRANCISCO BAY AREA  
2000 to 2020**

<b>County</b>	<b>2000</b>	<b>2010</b>	<b>2020</b>	<b>Change 2000-2010</b>	<b>Change 2010-2020</b>
Alameda	514,620	552,090	578,830	37,470	26,740
Contra Costa	338,860	382,180	420,740	43,320	38,560
Marin	99,500	106,180	111,430	6,680	5,250
Napa	46,240	51,770	58,690	5,530	6,920
San Francisco	315,550	326,130	331,470	10,580	5,340
San Mateo	254,370	265,610	278,500	11,240	12,890
Santa Clara	567,080	620,760	664,930	53,680	44,170
Solano	130,320	154,220	179,210	23,900	24,990
Sonoma	171,520	197,710	215,830	26,190	18,120
<b>Total</b>	<b>2,438,060</b>	<b>2,656,650</b>	<b>2,839,630</b>	<b>218,590</b>	<b>182,980</b>

SOURCE: Association of Bay Area Governments, "Projections – 2000"

**Table 5**  
**TOTAL EMPLOYMENT PROJECTIONS**  
**SAN FRANCISCO BAY AREA**  
**2000 to 2020**

<b>County</b>	<b>2000</b>	<b>2010</b>	<b>2020</b>	<b>Change 2000-2010</b>	<b>Change 2010-2020</b>
Alameda	725,790	848,300	945,340	122,510	97,040
Contra Costa	360,090	429,460	500,680	69,370	71,220
Marin	123,510	136,800	150,510	13,290	13,710
Napa	59,710	77,310	89,820	17,600	12,510
San Francisco	628,860	687,350	731,660	58,490	44,310
San Mateo	380,370	413,840	451,830	33,470	37,990
Santa Clara	1,077,220	1,213,260	1,308,220	136,040	94,960
Solano	129,510	171,960	210,780	42,450	38,820
Sonoma	203,530	249,280	299,110	45,750	49,830
<b>Total</b>	<b>3,688,590</b>	<b>4,227,560</b>	<b>4,687,950</b>	<b>538,970</b>	<b>460,390</b>

SOURCE: Association of Bay Area Governments, "Projections – 2000"

**Table 6  
EMPLOYED RESIDENTS PROJECTIONS  
SAN FRANCISCO BAY AREA  
2000 to 2020**

<b>County</b>	<b>2000</b>	<b>2010</b>	<b>2020</b>	<b>Change 2000-2010</b>	<b>Change 2010-2020</b>
Alameda	694,600	781,500	871,900	86,900	90,400
Contra Costa	475,900	568,700	639,300	92,800	70,600
Marin	140,400	156,200	167,100	15,800	10,900
Napa	61,600	72,900	85,400	11,300	12,500
San Francisco	422,100	454,100	467,300	32,000	13,200
San Mateo	393,700	435,300	472,500	41,600	37,200
Santa Clara	928,700	1,038,100	1,137,800	109,400	99,700
Solano	185,600	234,300	280,000	48,700	45,700
Sonoma	235,400	276,400	317,000	41,000	40,600
<b>Total</b>	<b>3,538,000</b>	<b>4,017,500</b>	<b>4,438,300</b>	<b>479,500</b>	<b>420,800</b>

SOURCE: Association of Bay Area Governments, "Projections – 2000"

### III. SURVEY OF BAY AREA COMMERCIAL DEVELOPMENT LINKAGE FEES

An increasing number of communities in California have adopted established commercial development linkage fees to generate revenues for affordable housing development. Through payment of these fees, non-residential developers mitigate at least a portion of the impact of their developments on the housing market. The City of San Francisco adopted its fee in 1984, and since then at least eight other jurisdictions have fees in place.

David Paul Rosen & Associates (DRA) surveyed major cities in California that have commercial linkage fee ordinances for affordable housing, as well as some smaller cities in the San Francisco Bay Area. DRA surveyed the following cities' ordinances:

- San Francisco
- Sacramento
- San Diego
- Berkeley
- Santa Monica
- Palo Alto
- Sunnyvale
- Menlo Park
- Alameda

**Table 7** summarizes the survey of commercial development linkage fees. San Francisco charges the highest per square foot fees. The following is San Francisco's fee schedule:

Office space, \$11.34/sf  
Entertainment, \$10.57/sf  
Hotel, \$8.50/sf  
Research and development, \$7.55/sf  
Retail, \$10.57/sf

Menlo Park recently adopted an ordinance that charges \$6 per square foot for commercial development and \$10 per square foot for office and research and development uses. Santa Monica charges \$8.00 per square foot for office development above 15,000 square feet. Sunnyvale charges \$7.19 per square foot for industrial uses. Berkeley's fee is \$5.00 per square foot for office and retail uses, and \$2.50 per square foot for industrial development. Alameda's fee is \$3.00 for office, while Palo Alto charges \$4.03 per square foot for all commercial uses. Fees in San Diego and Sacramento are \$1.00 or less per square foot, depending on the land use. Most ordinances establish a minimum square footage threshold to exempt smaller developments.

The survey of commercial development linkage fees in other California cities (shown in Table 7 previously) indicates that the two cities that have received the most funds from commercial linkage fees are San Francisco and San Diego. Since 1990, approximately \$33 million has been raised for affordable housing in San Diego. In San Francisco, the ordinance has raised over \$40 million since inception in 1980 (according to a survey conducted by the Boston Redevelopment Authority). Sacramento City and County raised approximately \$26 million since their commercial linkage ordinance was passed in 1989.

Table 7  
**SURVEY OF CITIES IN CALIFORNIA  
 WITH COMMERCIAL LINKAGE FEE ORDINANCES**

August 2001

CITY	YEAR EST.	DEVELOPMENT TYPE/FEE	THRESHOLDS/ EXEMPTIONS/ CAPS	TIMING OF PAYMENT	REVENUES	TARGETED USE OF FUNDS
<b>San Francisco</b>	1981, est. as policy;  1985, as ordinance;  2001 fees increase (1)	<ul style="list-style-type: none"> <li>• Office space, \$11.34/sf</li> <li>• Entertainment, \$10.57/sf</li> <li>• Hotel, \$8.50/sf</li> <li>• Research and development, \$7.55/sf</li> <li>• Retail, \$10.57/sf</li> </ul>	25,000 sf exemption	<ul style="list-style-type: none"> <li>• paid at issuance of building permit</li> </ul>	Over \$40 million (estimate from study by Boston Redevelopment Authority).	All funds go to the Affordable Housing Fund
<b>Sacramento</b>	1989;  collections started in 1991	<ul style="list-style-type: none"> <li>• Office space, \$0.99/sf</li> <li>• Hotel, \$0.94/sf</li> <li>• Res. And Dev., \$0.84/sf</li> <li>• Commercial, \$0.79/sf</li> <li>• Manufacturing, \$0.62/sf</li> <li>• Warehouse/Office, \$0.36/sf</li> <li>• Warehouse, \$0.27/sf</li> </ul> <p>In the next two months, the City will consider increasing these fees.</p>	Developers can apply for variances if there are special circumstances, the project is no longer feasible, or a specific and substantial financial hardship would occur without the variance.	<ul style="list-style-type: none"> <li>• paid at issuance of building permit</li> </ul>	\$11 million in the City; \$15 million in the County	<p>City – targeted to persons at 50% and 80% of AMI</p> <p>County – targeted to persons at 50% of AMI</p>

(1) On January 1, 2002, San Francisco fees will increase as follows: office, \$14.96/sf; entertainment, \$13.95/sf; retail, \$13.95/sf; hotel, \$11.21/sf; and research and development, \$9.97/sf.

Table 7  
**SURVEY OF CITIES IN CALIFORNIA  
 WITH COMMERCIAL LINKAGE FEE ORDINANCES**

August 2001

CITY	YEAR EST.	DEVELOPMENT TYPE/FEE	THRESHOLDS/ EXEMPTIONS/ CAPS	TIMING OF PAYMENT	REVENUES	TARGETED USE OF FUNDS
<b>Berkeley</b>	1988	<ul style="list-style-type: none"> <li>• Office space, \$5.00/sf</li> <li>• Retail, \$5.00/sf</li> <li>• Industrial, \$2.50/sf</li> </ul>	Office, retail, industrial, other commercial, 7,500 sf	Three payments: <ul style="list-style-type: none"> <li>• Before issuance of permit</li> <li>• Before issuance of certificate of occupancy</li> <li>• One year after C. of O.</li> </ul>	Since 1988, approximately \$2 million has been collected.	20% of these fees go toward child care operating subsidies (since 1993).
<b>San Diego</b>	1990, rev. in 1996	<ul style="list-style-type: none"> <li>• Office space, \$1.06/sf</li> <li>• Hotel, \$0.64/sf</li> <li>• Res. And Dev., \$0.80/sf</li> <li>• Retail, \$0.64/sf</li> <li>• Manufacturing, \$0.64/sf</li> <li>• Warehouse, \$0.27/sf</li> </ul>	Exempts residential hotels; other variances granted based on special circumstances, project feasibility, financial hardship, and alternative means of compliance	<ul style="list-style-type: none"> <li>• Paid at issuance of building permit</li> </ul>	Since inception, \$33 million	San Diego Housing Trust Fund, targeted to assist persons at 80 percent of AMI or below



Table 7  
**SURVEY OF CITIES IN CALIFORNIA  
 WITH COMMERCIAL LINKAGE FEE ORDINANCES**

August 2001

CITY	YEAR EST.	DEVELOPMENT TYPE/FEE	THRESHOLDS/ EXEMPTIONS/ CAPS	TIMING OF PAYMENT	REVENUES	TARGETED USE OF FUNDS
Santa Monica	1986	<ul style="list-style-type: none"> <li>• General office development.</li> <li>• Approximately \$3.60/sf for the first 15,000 sf of net rentable space, approximately \$8.00/sf for the remainder, adjusted for CPI annually.</li> <li>• Developer can construct affordable housing units and park space. However, each housing unit is valued at approximately \$48,000, adjusted for CPI.</li> </ul>	15,000 sf exemption for new construction, 10,000 sf exemption for additions	<ul style="list-style-type: none"> <li>• 25% at C.O.</li> <li>• 25% at the three anniversaries thereafter.</li> <li>• Agency requires irrevocable letters of credit to back the payment obligations.</li> </ul>	Estimated at over \$5 million (by City of Santa Monica staff)	45% toward low and moderate income housing, 45% toward Parks Mitigation Fund, remaining 10% to go toward either or both uses.
Palo Alto	1984	<ul style="list-style-type: none"> <li>• Commercial uses, \$4.03/sf</li> </ul>	20,000 sf exemption;	<ul style="list-style-type: none"> <li>• 50% paid at issuance of building permit</li> <li>• 50% paid at C.O.</li> </ul>	Since inception, approximately \$7 million	Ordinance states that funds go toward housing for "low, moderate, middle" income persons. In practice, most funds go toward housing for very low income persons.

**Table 7**  
**SURVEY OF CITIES IN CALIFORNIA**  
**WITH COMMERCIAL LINKAGE FEE ORDINANCES**

August 2001

CITY	YEAR EST.	DEVELOPMENT TYPE/FEE	THRESHOLDS/ EXEMPTIONS/ CAPS	TIMING OF PAYMENT	REVENUES	TARGETED USE OF FUNDS
<b>Menlo Park</b>	1987 est. policy, revised in 2001	<ul style="list-style-type: none"> <li>• \$6.00/sf for other commercial development</li> <li>• \$10.00/sf for research and development</li> </ul>	<ul style="list-style-type: none"> <li>• 10,000 sf exemption; alteration must exceed 50% of replacement cost</li> </ul>	<ul style="list-style-type: none"> <li>• Prior to issuance of building permit</li> </ul>		Fees go into the "Below Market Rate Reserve".
<b>Alameda</b>	1989, rev. in 2001 under consd.	<ul style="list-style-type: none"> <li>• \$3.00/sf for office</li> <li>• \$1.50/sf for retail</li> <li>• \$0.50/sf for new manufacturing/warehouse</li> <li>• \$770/room, hotel/motel</li> </ul>				

Table 7  
**SURVEY OF CITIES IN CALIFORNIA  
 WITH COMMERCIAL LINKAGE FEE ORDINANCES**

August 2001

CITY	YEAR EST.	DEVELOPMENT TYPE/FEE	THRESHOLDS/ EXEMPTIONS/ CAPS	TIMING OF PAYMENT	REVENUES	TARGETED USE OF FUNDS
<b>Sunnyvale</b>	1984	<ul style="list-style-type: none"> <li>• \$7.19/sf, new industrial development.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited to new industrial development. Fee charged only if the development exceeds the 35% floor area ratio (FAR), or the ratio applicable to the specific zoning district, with employee-generating space. Cafeterias, meeting rooms, warehousing and assembly are excluded from the calculation.</li> </ul>	<ul style="list-style-type: none"> <li>• Prior to issuance of building permit</li> </ul>		Funds go toward funding of low and moderate income housing

Other San Francisco Bay Area cities with commercial linkage fee ordinances include Pleasanton, and Cupertino.

## IV. NEXUS ANALYSIS

### A. Summary

In order to establish a nexus fee on commercial/industrial development to increase the production of affordable housing, the City of Oakland must demonstrate that there is a reasonable relationship between non-residential construction and the need for housing affordable to low and moderate income groups.

In essence, the legal requirement is that a local government charging a fee make some affirmative showing that: (1) those who must pay the fee are contributing to the problem which the fee will address; and (2) the amount of the fee is justified by the magnitude of the fee-payer's contribution to the problem. Our nexus analysis is designed to demonstrate the economic relationship between non-residential development and the need for affordable housing in Oakland. We employ consistently conservative assumptions, so that our calculation of the justifiable fee understates the supportable nexus calculation for each building type.

#### 1. Income Levels and Building/Land Use Types

This analysis determines the number of employee households in each of the following three income categories:

Very low income: those earning less than 50% of area median income;

Low income: those earning between 50% and 80% of area median income;

Moderate income: those earning between 80% and 120% of area median income.

We examined the development of 100,000 square foot building modules of the following four building types:

Office;  
Warehouse/Distribution;  
Retail; and  
Hotel.

The analysis was conducted for the City of Oakland.

## 2. Nexus Methodology

The nexus economic analysis methodology employs the following seven steps:

1. Estimate total new employees;
2. Estimate new employees living in the city of Oakland;
3. Adjust for potential future increase in labor force participation;
4. Estimate the number of new households represented by the number of new employees;
5. Distribute households by occupational groupings for each land use;
6. Estimate employee households meeting very low, low, and moderate income limits, adjusted for household size; and
7. Adjust for multiple earner households.

The results of these seven steps is the estimated number of households by land use living in Oakland and qualifying as very low, low or moderate income. In Chapter V, the results of a housing affordability gap analysis are used to determine the fee amount by land use that would be required to develop housing affordable to the very low, low and moderate income households who will need to find housing in Oakland in connection with new non-residential development in the City.

## 3. Conclusions

The first conclusion is that a clear nexus exists between the employees of the various commercial and industrial buildings and the number of lower and moderate income households associated with the buildings.

The numerical results of the analysis are that for every 100,000 square feet of building area, on average, there are a number of very low and low income employee households that will live in the City of Oakland, as summarized in **Table 8** below. Office uses are associated with the highest number of qualifying households per 100,000 square feet, largely because of the high employment density associated with office buildings. For every 100,000 square feet of office space, 35 new resident very low, low and moderate income households will be created—far more than any other use.

**Table 8**  
**ESTIMATED INCOME-QUALIFYING EMPLOYEE HOUSEHOLDS**  
**PER 100,000 SQUARE FEET OF BUILDING AREA**  
**BY LAND USE TYPE**

Land Use/ Building Type	50% AMI or Below	50% to 80% AMI	80% to 120% AMI
	Office	17	9
Warehouse/ Distribution	6	4	2
Retail	16	9	5
Hotel	8	2	1

## **B. Methodology and Assumptions**

The analysis presented in this report has been based on a variety of sources. The 1990 U.S. Census was frequently utilized, with data or relationships updated where appropriate. While preliminary 2000 U.S. Census data on population and households are available, more detailed 2000 Census data on the topics used here will not be available until 2002. Other principal data sources include the California State Employment Development Department (EDD) and the Association of Bay Area Governments (ABAG). Data specific to the City of Oakland were used wherever possible.

In a few cases where limited current data is available, estimates were based on the best available data.

This analysis requires a number of assumptions. In all cases, we consistently employ conservative assumptions that serve to understate the nexus calculation. The cumulative effect of these assumptions understates the supportable nexus calculation for each building type. We do not believe, therefore, that changing individual assumptions would fundamentally alter the conclusions of the analysis.

Each of the steps in the nexus analysis is described below, along with corresponding assumptions and data sources.

## 1. Estimate Total New Employees

The first step estimates the total number of direct employees who will work at or in the building type being analyzed. This step implicitly assumes that all employees are new employees to the City. If the employees in a building have relocated from other buildings, they will have vacated spaces somewhere else and somewhere else in the chain new employees will have come to the City of Oakland to work.

The estimate of the number of employees that will be working in each 100,000 square foot building module is based on an employment density factor for each land use (i.e. number of square feet per employee). For all of the land uses except hotel, the gross building area is divided by the employment density factor to calculate employment, as illustrated below:

$$\begin{array}{ccccccc} \text{Gross Building} & & \text{divided by} & & \text{Employment} & & = & & \text{Employment} \\ \text{Area} & & & & \text{Density} & & & & \end{array}$$

For hotels, employment generation is more closely related to the number of hotel rooms.

The employment density factor is different for each land use and can vary within each land use. Employment density factors in this analysis are based on industry standards and trends as reported by the Urban Land Institute. The appropriateness of these factors for the Oakland area were confirmed through interviews with Bay Area traffic and environmental consultants who use these factors regularly in their work.

Ten years ago, the industry rule of thumb for office uses was 250 square feet of space per employee, including a proportionate share of the lobby, corridor and restroom space in office buildings. Today, less space per employee is the norm, with many new office buildings providing 200 square feet or less per employee.<sup>3</sup>

In retail development, the opposite trend is true. "Big box" warehouse club retailers represent one of the new, successful trends in retail development. These stores generally have a lower employment density. Therefore, while the historical rule of thumb for retail was approximately 300 square feet per employee, we have used a more conservative factor of 400 square feet per employee for this analysis. Retail employee densities in more traditional development prototypes are likely to remain higher. To remain conservative, we have employed the lower densities associated with big box retail.

Although warehouse/distribution facilities vary in terms of employment generation, we have assumed an employment density factor of 1,000 square feet per employee, which is representative of the distribution facilities recently developed and in the development pipeline in Oakland.

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<sup>3</sup> Source: 1998 Urban Land Institute, "Office Development Handbook," Second Edition.



For hotels, the number of employees per room typically varies from 0.5 to 0.8, with higher-end hotels having the higher employment density. We have selected a mid-point of 0.65 employees per room. To estimate the number of rooms in our 100,000 square foot hotel building module, we have assumed an average of 750 square feet per room, including common and lobby spaces. All-suites hotels tend to have larger rooms/suites, but a much lower percentage of common areas, than standard luxury hotels.

Therefore, the employment density factors used in this analysis are as follows:

Office	250 sq. ft/employee
Warehouse/Distribution	1,000 sq. ft/employee
Retail	400 sq. ft./employee
Hotel	0.65 employees per room

Sources: Urban Land Institute; interviews with Bay Area Environmental Impact Report consultants.

## **2. Estimate Employees Living in the City of Oakland**

This step estimates the number of new residents in Oakland that would be associated with new employment growth in the City. The extent to which employees in new non-residential developments will be filled by new Oakland residents, or by employees who would reside in Oakland if affordable housing were available, is a critical factor in the nexus economic analysis. With this assumption, as with the other variables in the analysis, we have chosen to be conservative.

### **a. Historical Jobs/Residence Patterns**

The 1980 Census indicates that of the 166,102 persons over sixteen years of working in Oakland, 65,374 persons also lived in the City. This indicates that in 1980, 39 percent of the people who worked in the City also resided in the City.

By 1990, the overall percentage of Oakland workers living in Oakland increased to 42 percent. ABAG reports that there were 178,340 workers over sixteen years of age working in the City of Oakland in 1990. The Census reports that 74,991 Oakland residents also worked in the City. This indicates that, at the margin, during the decade of the 1980's an even higher percentage than 42 percent of new Oakland workers also lived in the City, such that the average percentage of Oakland workers living in the City increased to 42 percent by 1990.

### **b. Available Projections**

ABAG estimated a total of 145,720 households in Oakland in 2000 and projected a total of 150,540 households in the year 2020. However, recently released 2000 Census data indicate that the actual number of households (150,790) already exceeds ABAG's projection for the year 2020. Therefore, we did not use the ABAG projections for Oakland in analyzing trends in household growth relative to job growth.

The countywide ABAG data<sup>4</sup> indicate that Alameda County will add 219,500 jobs during the 2000 to 2020 period. Assuming a ratio of 1.40 non-elderly workers per non-elderly household<sup>5</sup> based on 2000 Census data yields an estimated increase of 156,785 households associated with new employment in Alameda County. The projected increase in households residing in Alameda County (64,200) represents 40 percent of the increase in households associated with job growth (156,785).

### **c. Assumed Residence Factor**

The most relevant data shows that historically about 42 percent of Oakland employees (1990 Census) live in Oakland, up from 39 percent ten years prior (1980 Census). The only projection of the proportion of local employees living in the same jurisdiction that can be inferred is 40 percent (ABAG 2020 countywide projection).

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<sup>4</sup> See Tables 4 and 5 in Chapter II.

<sup>5</sup> See Step 4 below for more detail on this ratio.

For the purposes of this analysis, we have assumed that 40 percent of new Oakland workers will reside in the City of Oakland. This is a conservative assumption given that the historical trend shows an increase in the percentage of Oakland workers living in the City, and that lower income workers (the focus of a potential fee) tend to live closer to work. Using this factor, the number of employees residing in Oakland is calculated for each land use as follows:

$$\begin{array}{rcl} \text{Employment} & \times & \text{Percentage of} \\ & & \text{Workers Residing} \\ & & \text{in the City of Oakland} \end{array} = \begin{array}{r} \text{Employees} \\ \text{Residing in the City} \\ \text{of Oakland} \end{array}$$

Source: 1990 U.S. Census, STF 3A; Association of Bay Area Governments.

### 3. Adjust for Potential Increase in Labor Force Participation

While most new workers in non-residential development in Oakland will come from outside of the City, a small proportion of new jobs will be filled by existing residents in the City. This step reduces the number of new employees expected to need new housing in Oakland, to take into account employees who were previously living in the City but were not previously working.

During the 1970's and 1980's, many people, particularly women, entered the labor force for the first time, or the first time after a lengthy absence. The Association of Bay Area Governments reports that in 1980 the labor force participation rate for women was 54.9 percent. By 1990, that number had jumped to 60.8 percent. ABAG projects increased labor force participation in the over-65 age group, due to the high cost of living in the Bay Area, long-term improvements in the health of the population, and changes in occupations that will reduce the physical demands of work.

In addition to new workers entering the labor force, another potential source of new employees is the pool of unemployed workers in the City. Unemployment in the Oakland area has remained at historically low rates over the past decade. In 1990, the annual average unemployment rate for the City of Oakland was 6.4 percent, dropping to 4.7 percent in 2000, according to the California Employment Development Department. Given the low employment rate, it is unlikely that a significant proportion of new jobs in Oakland will be filled by existing unemployed residents.

ABAG projects the overall labor participation rate in the Bay Area to increase from 67.0 percent in 2000 to 69.9 percent in 2020, an increase of 4.3 percent. For the purpose of this analysis, we estimate 5 percent of all new jobs will be filled by residents of existing Oakland households to take account of both of these factors.

Source: Association of Bay Area Governments, "Projections - 2000"; California Employment Development Department.

#### 4. Estimate Number of Households

Since demand for affordable housing is based on households on not the total population, this step estimates the number of households represented by a given number of employees. Many households contain more than one worker, so each new employee does not necessarily mean a new household.

ABAG reports 171,600 employed residents in Oakland in 2000 and the Census reports 150,790 households in 2000, for a ratio of 1.14 employees per household. Oakland has a large number of elderly households with no workers, therefore including them in the ratio skews the rate of household formation. Therefore, we also calculated the ratio of non-elderly workers to non-elderly households in Oakland. ABAG data indicate that elderly workers represented 3.6 percent of the Bay Area workforce in 2000. Applying this percentage to total employment in Oakland suggests there were 165,422 non-elderly workers in Oakland, compared to an estimated 119,856 non-elderly households, for a ratio of 1.38 non-elderly workers per non-elderly household.

For the purposes of this analysis, we have used a factor of 1.40 workers per household. Or stated another way, for every for every 100 workers, we assume 71 new households will be formed. Using this factor, the number of households is calculated as follows:

Employees In New Households	divided by	Average Number of Workers per Household	=	New Households
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Sources: 1990 U.S. Census, STF 3A; 2000 U.S. Census SF 1; Association of Bay Area Governments

## 5. Distribute Employee Households By Occupation

This step distributes households by occupational groupings for each land use. This step is necessary to be able to accurately estimate new workers' incomes. Our estimates are based on a review of the 1990 U.S. Census Occupation by Industry Survey, which is the only source available which provides cross-tabulations of occupation by industry. For purposes of this analysis, we have used the occupational groupings defined by the State of California Employment Development Department, for consistency with the occupational wage data used in Step 6. These categories are generally similar to those used by the Census. For each land use category, the total number of new worker households is disaggregated into occupational categories as follows:

Occupational Category	Office	Warehouse/ Distribution	Retail	Hotel
Managerial/Administrative	21%	9%	15%	6%
Professional/Technical	16%	8%	5%	3%
Sales and Related	8%	0%	52%	0%
Clerical/Administrative Support	45%	23%	10%	15%
Service	5%	0%	0%	70%
Production/Operating/Maintenance	5%	60%	18%	6%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Source: 1990 U.S. Census, Occupation by Industry Survey

**6. Estimate Employee Households Meeting Very Low, Low and Moderate Income and Household Size Criteria Definitions**

This step estimates the number of employee households in the occupational categories used in Step 5 that meet very low, low and moderate income criteria. First, typical wages are estimated for employees in each occupational category. Since HUD income limits depend on both household size and household income, we also estimate household sizes. Using available wage and household size data, we determine the number of employee households by land use that meet the very low, low and moderate income limits.

**a. Estimated Wages by Occupation**

The primary source of information for this step was State of California Employment Development Department wage data by occupation for the Oakland MSA, which includes Alameda and Contra Costa counties, for 1998. Data on mean, 25<sup>th</sup> percentile and 75<sup>th</sup> percentile hourly wages by occupation were used to estimate the percentage of employees earning salaries in the very low, low or moderate income categories based on the 1998 HUD median income for the Oakland MSA of \$63,300.

**Table 9** summarizes the 1998 wage survey data by major occupational category. These weighted average hourly wage data are derived from wages on over 533 occupational categories. **Appendix A** contains the detailed OES wage survey data by for 533 occupational categories.

Table 9  
**AVERAGE WAGES BY OCCUPATIONAL GROUPING**  
**OAKLAND, MSA (1)**  
**1998**

OES Code Range	Occupational Title	Entry-Level Hourly Wage (2)	Mean Hourly Wage	Mean Annual Wage	25th Percentile Hourly Wage	75th Percentile Hourly Wage
13000-19999	Managerial and Administrative Occupations	\$18.96	\$32.89	\$68,407	\$22.45	\$47.80
20000-39999	Professional, Paraprofessional, and Technical Occupations	\$16.04	\$23.51	\$48,890	\$17.94	\$30.62
40000-49999	Sales and Related Occupations	\$8.42	\$14.47	\$30,097	\$9.14	\$18.00
50000-59999	Clerical and Administrative Support Occupations	\$9.20	\$13.48	\$28,032	\$10.41	\$16.07
60000-69999	Service Occupations	\$8.08	\$10.57	\$21,975	\$8.50	\$12.53
70000-79999	Agricultural and Related Occupations	\$7.39	\$12.29	\$25,573	\$8.14	\$15.82
80000-98999	Production, Construction, Operating, Maintenance and Material Handling Occupations	\$9.89	\$15.06	\$31,317	\$11.14	\$18.63
TOTAL						

(1) Includes Alameda and Contra Costa counties.

(2) The mean of the first third of the wage distribution is provided as a proxy for entry-level wage.

Source: California Employment Development Department, 1998 Occupational Employment Statistics Survey; David Paul Rosen & Associates.



**b. Estimated Household Sizes**

HUD's criteria for qualifying households as very low, low or moderate income are dependent on a household meeting certain income limits. HUD income limits are adjusted by household size, with higher income limits for larger households. The distribution of non-elderly households by household size for Oakland in 1990 is summarized below.

**Distribution of Households by Household Size  
Households with Householder Less than 65 Years of Age  
City of Oakland  
1990 Census**

Household Size	Households	
	No.	%
1 Person	34,134	33.1%
2 Persons	27,449	28.5%
3 Persons	23,285	15.4%
4 Persons	16,732	11.0%
5 Persons	8,936	5.9%
6 Persons	4,282	2.8%
7 or More	5,039	3.3%
<b>Total</b>	<b>119,857</b>	<b>100.0%</b>

**c. Estimated Qualifying Households**

As noted above, HUD income limits vary by household size. Current 2001 income limits for the Oakland MSA are summarized below.

Family Size	1	2	3	4	5
Very Low Income (50% of median)	\$25,050	\$28,650	\$32,200	\$35,800	\$38,650
Low Income (80% of median)	\$40,100	\$45,800	\$51,550	\$57,300	\$61,900
Moderate Income (120% of median)	\$60,150	\$68,750	\$77,350	\$85,900	\$92,800

**Table 10** presents DRA's estimates of the percentage of employees in each occupational category meeting low and moderate income limits based on the wage survey data and the HUD 1998 median income of \$63,300 for a family of four persons in the Oakland MSA. The percentage distribution of hourly wages by occupation was compared to very low, low and moderate income limits translated into hourly wages. A separate percentage distribution was calculated for income limits for household sizes of 1 through 5 persons. The weighted average percentages shown in Table 10 were then calculated based on the distribution of households by household size for Oakland in 1990, shown above.

Sources: California Employment Development Department, Occupational Employment Statistics (OES) Survey, 1998; U.S. Department of Housing and Urban Development; 1990 Census of Population

**Table 10**  
**ESTIMATED PERCENT DISTRIBUTION OF WAGES BY OCCUPATION AND INCOME LEVEL (1)**  
**OAKLAND, MSA**  
**1998**

	Est. % of Workers Earning Less than 50% AMI	Est. % of Workers Earning 50% to 80% AMI	Est. % of Workers Earning 80% to 120% AMI	Est. % of Workers Earning Above 120% AMI	Total Percent of Employees
Managerial and Administrative Occupations	5%	11%	30%	55%	100%
Professional, Paraprofessional, and Technical Occupations	18%	36%	20%	26%	100%
Sales and Related Occupations	53%	27%	10%	10%	100%
Clerical and Administrative Support Occupations	59%	21%	21%	0%	100%
Service Occupations	75%	14%	5%	5%	100%
Agricultural and Related Occupations	60%	40%	0%	0%	100%
Production, Construction, Operating, Maintenance and Material Handling Occupations	51%	34%	8%	8%	100%

(1) Based on 1998 median income for Oakland MSA of \$63,300 and 1998 OES wage survey data from Table 9.

Source: California Employment Development Department, 1998 Occupational Employment Statistics Survey;  
David Paul Rosen & Associates.

## 7. Adjust for Multiple Earner Households

Some households have two or more incomes such that the combined incomes will place the household over very low, low or moderate income limits. This last step makes an adjustment to eliminate households that have two or more earners. This is a very conservative assumption since many households with two wage earners still qualify as very low income. For example, a two worker-household where each worker earns \$7.75 per hour, well above the current minimum wage, would qualify as very low income in Oakland in 2001. This is based on the 2001 median income of \$71,600 for a family of four in the Oakland MSA, adjusted for a household size of three persons.

Using 1990 U.S. Census data, it is estimated that out of 104,367 worker households, 55,471 are one-earner households. In other words, 53 percent of the worker households have only one wage earner. For those households, the salary of the wage earner calculated in the steps above is also the household income for that wage earner. We have used this 53 percent factor to eliminate two wage-earner households which, as we have noted, is a conservative assumption.

This final adjustment produces the number of lower income households directly associated with the construction of 100,000 square feet of building area by type as follows:

Number of Qualifying Households	x	% Adjustment to Eliminate Multiple Earner Households	=	Adjusted Number of Households Requiring
Assistance				

Source: 1990 Census of Population

### C. Findings

**Table 11** calculates the projected occupational distribution of employment by land use type for office, warehouse/distribution, retail and hotel uses in Oakland. **Table 11a** estimates the number of qualifying very low income households earning no more than 50 percent of area median income or below by land use type. **Table 11b** estimates the number of qualifying low income households earning between 50 percent and 80 percent of area median income by land use type. **Table 11c** estimates the number of qualifying moderate income households earning between 80 percent and 120 percent of area median income by land use type.

Table 11  
**PROJECTED OCCUPATIONAL DISTRIBUTION OF ADDITIONAL EMPLOYMENT BY LAND USE TYPE  
 CITY OF OAKLAND**

2001

Steps	Factor	Office			Warehouse/Distribution			Retail			Hotel		
		Percent	No.	Units	Percent	No.	Units	Percent	No.	Units	Percent	No.	Units
1. Estimate of Employees per 100,000 square feet													
Employment Density Factor			350 SF/Emp.		1,000 SF/Emp.		400 SF/Emp.		0.65 Emp./Rm. 750 SF/Room				
Number of Employees			286 Emp.		100 Emp.		250 Emp.		87 Emp.				
2. Employees Living in City of Oakland	40%		114 Emp.		40 Emp.		100 Emp.		35 Emp.				
3. Adjustment for Labor Force Participation Increase	5%		109 Emp.		38 Emp.		95 Emp.		33 Emp.				
4. Adjustment for Number of Employees Per Household	1.40	Emp/HH	78 HH		27 HH		68 HH		24 HH				
5. Occupational Distribution													
Managerial/Administrative		21%	16 HH		9%	2 HH		15%	10 HH		6%	1 HH	
Professional/Technical		16%	12 HH		8%	2 HH		5%	3 HH		3%	1 HH	
Sales and Related		8%	6 HH		0%	0 HH		52%	35 HH		0%	0 HH	
Clerical/Administrative Support		45%	35 HH		23%	6 HH		10%	7 HH		15%	4 HH	
Service		5%	4 HH		0%	0 HH		0%	0 HH		70%	17 HH	
Production/Operating/Maintenance		5%	4 HH		60%	16 HH		18%	12 HH		6%	1 HH	
Total		100%	77		100%	26		100%	67		100%	24	

Legend: HH = households; SF = square feet; Emp = employees.

Source: Urban Land Institute; Association of Bay Area Governments; 1990 Census of Occupation by Industry; David Paul Rosen & Associates.

Table 11a  
ESTIMATED QUALIFYING VERY LOW INCOME HOUSEHOLDS BY LAND USE TYPE (1)  
CITY OF OAKLAND

2001

Steps (See Table 11 for Steps 1 through 4)	Office		Warehouse/Distribution		Retail		Hotel	
	Percent	No.	Percent	No.	Percent	No.	Percent	No.
5. Occupational Distribution (2)								
Managerial/Administrative	21%	16	9%	2	15%	10	6%	1
Professional/Technical	16%	12	8%	2	5%	3	3%	1
Sales and Related	8%	6	0%	0	52%	35	0%	0
Clerical/Administrative Support	45%	35	23%	6	10%	7	15%	4
Service	5%	4	0%	0	0%	0	70%	17
Production/Operating/Maintenance	5%	4	60%	16	18%	12	6%	1
Total	100%	77	100%	26	100%	67	100%	24
6. Households Earning Less than 50% AMI								
Managerial/Administrative	5%	1	5%	0	5%	1	5%	0
Professional/Technical	18%	2	18%	0	18%	1	18%	0
Sales and Related	53%	3	53%	0	53%	18	53%	0
Clerical/Administrative Support	59%	21	59%	4	59%	4	59%	2
Service	75%	3	75%	0	75%	0	75%	13
Production/Operating/Maintenance	51%	2	51%	8	51%	6	51%	0
Total		32		12		30		16
7. Adjustment to Eliminate Multiple Earner Households Earning in Excess of 50% AMI	53%	17		6		16		8

(1) Based on 100,000 square foot land use type prototypical developments.

(2) From Table 11.

Source: California Employment Development Department 1998 occupational wage survey; 1990 U.S. Census; of David Paul Rosen & Associates.

Table 11b  
ESTIMATED QUALIFYING LOW INCOME HOUSEHOLDS BY LAND USE TYPE (1)  
CITY OF OAKLAND

2001

Steps (See Table 11 for Steps 1 through 4)	Office		Warehouse/Distribution		Retail		Hotel	
	Percent	No.	Percent	No.	Percent	No.	Percent	No.
5. Occupational Distribution (2)								
Managerial/Administrative	21%	16	9%	2	15%	10	6%	1
Professional/Technical	16%	12	8%	2	5%	3	3%	1
Sales and Related	8%	6	0%	0	52%	35	0%	0
Clerical/Administrative Support	45%	35	23%	6	10%	7	15%	4
Service	5%	4	0%	0	0%	0	70%	17
Production/Operating/Maintenance	5%	4	60%	16	18%	12	6%	1
Total	100%	77	100%	26	100%	67	100%	24
6. Households Earning Between 50% and 80% AMI								
Managerial/Administrative	11%	2	11%	0	11%	1	11%	0
Professional/Technical	36%	4	36%	1	36%	1	36%	0
Sales and Related	27%	2	27%	0	27%	10	27%	0
Clerical/Administrative Support	21%	7	21%	1	21%	1	21%	1
Service	14%	1	14%	0	14%	0	14%	2
Production/Operating/Maintenance	34%	1	34%	5	34%	4	34%	0
Total		17		8		17		4
7. Adjustment to Eliminate Multiple Earner Households Earning in Excess of 80% AMI	53%	9		4		9		2

(1) Based on 100,000 square foot land use type prototypical developments.

(2) From Table 11.

Source: California Employment Development Department 1998 occupational wage survey; 1990 U.S. Census; of David Paul Rosen & Associates.



Table 11c  
ESTIMATED QUALIFYING MODERATE HOUSEHOLDS BY LAND USE TYPE (1)  
CITY OF OAKLAND

2001

Steps (See Table 11 for Steps 1 through 4)	Office		Warehouse/Distribution		Retail		Hotel	
	Percent	No.	Percent	No.	Percent	No.	Percent	No.
5. Occupational Distribution (2)								
Managerial/Administrative	21%	16	9%	2	15%	10	6%	1
Professional/Technical	16%	12	8%	2	5%	3	3%	1
Sales and Related	8%	6	0%	0	52%	35	0%	0
Clerical/Administrative Support	45%	35	23%	6	10%	7	15%	4
Service	5%	4	0%	0	0%	0	70%	17
Production/Operating/Maintenance	5%	4	60%	16	18%	12	6%	1
Total	100%	77	100%	26	100%	67	100%	24
6. Households Earning Between 80% and 120% AMI								
Managerial/Administrative	30%	5	30%	1	30%	3	30%	0
Professional/Technical	20%	2	20%	0	20%	1	20%	0
Sales and Related	10%	1	10%	0	10%	4	10%	0
Clerical/Administrative Support	21%	7	21%	1	21%	1	21%	1
Service	5%	0	5%	0	5%	0	5%	1
Production/Operating/Maintenance	8%	0	8%	1	8%	1	8%	0
Total		16		3		9		2
7. Adjustment to Eliminate Multiple Earner Households Earning in Excess of 120% AMI	53%	8		2		5		1

(1) Based on 100,000 square foot land use type prototypical developments.

(2) From Table 11.

Source: California Employment Development Department 1998 occupational wage survey; 1990 U.S. Census; of David Paul Rosen & Associates.

## V. NEXUS FEE AMOUNT

This section uses the results of the previous section on the number of households in the lower income categories associated with each building type and identifies the fee required to mitigate new demand generated by each building type for housing affordable to low and moderate income households.

### A. Affordability Gap Analysis

The affordability gap analysis compares the cost of housing development in Oakland to the amount low and moderate income households can afford to pay for housing. The affordability gap represents the capital subsidy required to develop housing affordable to families at specified income levels. The findings of the gap analysis are used to calculate the fee amount for which a nexus can be shown.

The methodology, key assumptions and findings of the affordability gap analysis are summarized below. The complete gap analysis is contained in **Appendix B**.

#### 1. Methodology

The first step in the gap analysis establishes the amount a tenant or homebuyer can afford to contribute to the cost of renting or owning a dwelling unit. California Redevelopment Law<sup>6</sup> (CRL), the U.S. Department of Housing and Urban Development (HUD) and most other sources of subsidy for affordable housing generally define affordable housing expense at 30 percent of a household's gross income. For moderate income homeowners, CRL defines affordable housing expense at 35 percent of gross income.

For renters, CRL and HUD define affordable housing expense to include rent plus utilities. Affordable net rents are calculated subtracting allowances for the utilities paid directly by the tenants from the overall affordable housing expense. For owners, the affordable mortgage principal and interest payment is calculated by determining the affordable housing expense and deducting costs for taxes, property insurance, utilities, homeowner association dues and maintenance expense. This is consistent with the definition of affordable housing expense for owners under CRL.

The second step estimated the costs of constructing or preserving affordable housing in Oakland. For this purpose, DRA has evaluated three prototypical housing developments (one rental, two owner) that are derived from actual housing projects to estimate the cost to develop these housing prototypes in Oakland under current housing conditions. The rental prototype is used to establish the gaps for very low and low income households, who are assumed to be renters. The owner prototypes are used to calculate the gap for moderate income households, who are assumed to be homeowners.

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<sup>6</sup> CRL governs the use of redevelopment tax increment Housing Set-Aside Funds, the largest source of local subsidies for affordable housing in California.

The third step in the gap analysis establishes the housing expenses borne by the tenants and owners. These costs can be categorized into operating costs, and financing or mortgage obligations. Operating costs are the maintenance expenses of the unit, including utilities, property maintenance, property taxes, management fees, property insurance, replacement reserve, and insurance. For the rental prototypes examined in this analysis, DRA assumed that the landlord pays all but certain tenant-paid utilities as an annual operating cost of the unit paid from rental income. For owner prototypes, DRA assumed the homebuyer pays all operating and maintenance costs for the home.

Financing or mortgage obligations are the costs associated with the purchase or development of the housing unit itself. These costs occur when all or a portion of the development cost is financed. This cost is always an obligation of the landlord or owner. Supportable financing is deducted from the total development cost, less any owner equity (for owner-occupied housing, the downpayment) to determine the capital subsidy required to develop the prototypical housing unit affordable to an eligible family at each income level.

For rental housing prototypes, the gap analysis calculates the difference between total development costs and the conventional mortgage supportable by net operating income from restricted rents. For owners, the gap is the difference between development costs and the supportable mortgage plus the buyer's downpayment.

The purpose of the gap analysis in this report is to determine the fee amount by land use that would be required to develop housing affordable to the very low, low and moderate income households who will need to find housing in Oakland in connection with new non-residential development in the City. Therefore, no housing subsidies, or leverage, are assumed.

## **2. Affordable Housing Cost Definitions**

DRA analyzed the gap for very low and low income renter households and for moderate income owner households. Calculation of the affordability gap requires definition of affordable housing expense for renters and owners. The affordable housing cost definitions used in this gap analysis are shown below. Affordable housing cost is typically set at the top of the income range, which means that all households except those at the upper limit of the income range will be overpaying for housing (paying more than 30 percent of their income). For the purposes of this analysis, affordable housing cost was defined at a point somewhat below the maximum of the income category to better reflect the range of household incomes contained in each category.

**Affordable Housing Cost Definitions  
Oakland Affordability Gap Analysis**

Income Level	Affordable Housing Cost Definition
50% AMI (Very Low Income)	30% of 45% AMI
80% AMI (Low Income)	30% of 60% AMI
120% AMI (Moderate Income)	30% of 100% AMI

**3. Summary of Findings**

DRA estimated the development costs for each of the three housing prototypes, and calculated the supportable debt from affordable rents or mortgage payments. Per unit total development costs, supportable mortgages and affordability gaps are summarized in **Table 12** below for each of the three prototypes analyzed. Detailed assumptions and calculations for the gap analysis are provided in **Appendix B**.

**Table 12**  
**Total Per Unit Development Costs, Supportable Mortgage, and Affordability Gap**  
**City of Oakland Housing Prototypes**

	Rental Apartments	Owner Condominiums	Owner Single Family Detached
<b>Development Costs</b>			
Land Costs	\$ 13,000	\$ 20,000	\$ 70,000
Hard Costs	104,000	122,000	148,000
Financing Costs	4,000	17,700	17,500
Other Soft Costs	53,500	46,800	39,000
Total Development Costs	<u>\$174,500<sup>7</sup></u>	<u>\$206,500</u>	<u>\$274,500</u>
<b>Supportable Mortgage<sup>8</sup></b>			
Very Low Income	\$43,300	N/A	N/A
Low Income	73,100	N/A	N/A
Moderate Income	N/A	\$159,100	\$188,100
<b>Affordability Gap<sup>9</sup></b>			
Very Low Income	\$129,900	N/A	N/A
Low Income	102,700	N/A	N/A
Moderate Income	N/A	\$159,100	\$86,400

<sup>7</sup> Equals average of \$173,200 total development cost for very low income prototype and \$175,800 cost for low income prototype from Appendix B.

<sup>8</sup> Includes per unit supportable mortgage at affordable housing cost. For owner prototypes, includes 3 percent buyer downpayment.

<sup>9</sup> Based on per unit development cost of \$173,200 for very low income prototype and \$175,800 for low income prototype from Appendix B.

## B. Supportable Nexus Fee Amount

The last step in the nexus analysis is to multiply the number of households in each income category by the cost of making housing affordable to them. We used the per unit affordability gaps listed in Table 12 above. For the moderate income category, we used the lower per unit gap of \$47,400 for the owner flats and lofts prototype, rather than the higher per unit gap of \$86,400 for the single-family detached prototype.

**Table 13** presents the calculation of the justifiable nexus fee. The findings are summarized below.

Household Income Category	Per Square Foot Supportable Fees by Land Use			
	Office	Warehouse/ Distribution	Retail	Hotel
Very Low	\$22.08	\$7.79	\$20.78	\$10.39
Low	\$9.24	\$4.11	\$9.24	\$2.05
Moderate	\$3.79	\$0.95	\$2.37	\$0.47
Total	\$35.11	\$12.85	\$32.39	\$12.91

The conclusion of the analysis is that the fee amount needed to offset housing demand created by office building construction for very low income households is \$35.11 per square foot. This is based on the conservative assumptions noted above and the actual amount is likely higher. The lowest fee is for warehouse/distribution where the justified fee amount calculates to \$12.85 per square foot.

The justified fee amounts are useful measuring sticks, and as a ceiling above which any fee structure would be subject to legal challenge. Given the assumptions intrinsic to any nexus analysis, setting fees below the justified fee amount would make it less likely that a challenge to any one assumption would affect the whole program. Given the high level of supportable fees in Oakland, an acceptable fee is likely to be less than the justified fee amount.

**Table 13  
JUSTIFIABLE HOUSING LINKAGE FEE BY LAND USE  
CITY OF OAKLAND**

2001

	<u>Office</u>	<u>Warehouse/ Distribution</u>	<u>Retail</u>	<u>Hotel</u>
<b>Very Low Income Households</b>				
1. Very Low Income Households Employed per 100,000 SF Development	17	6	16	8
2. Estimated Housing Gap Cost at Per Unit Gap of: (1)	\$129,900	\$2,208,300	\$779,400	\$2,078,400
3. <b>Cost of Housing Gap Per Square Foot Bldg. Area</b>	<b>\$22.08</b>	<b>\$7.79</b>	<b>\$20.78</b>	<b>\$10.39</b>
<b>Low Income Households</b>				
1. Low Income Households Employed per 100,000 SF Development	9	4	9	2
2. Estimated Housing Gap Cost at Per Unit Gap of: (1)	\$102,700	\$924,300	\$410,800	\$924,300
3. <b>Cost of Housing Gap Per Square Foot Bldg. Area</b>	<b>\$9.24</b>	<b>\$4.11</b>	<b>\$9.24</b>	<b>\$2.05</b>
<b>Moderate Income Households</b>				
1. Moderate Income Households Employed per 100,000 SF Development	8	2	5	1
2. Estimated Housing Gap Cost at Per Unit Gap of: (1)	\$47,400	\$379,200	\$94,800	\$237,000
3. <b>Cost of Housing Gap Per Square Foot Bldg. Area</b>	<b>\$3.79</b>	<b>\$0.95</b>	<b>\$2.37</b>	<b>\$0.47</b>
<b>Total Fee Per Square Foot</b>	<b>\$35.11</b>	<b>\$12.85</b>	<b>\$32.39</b>	<b>\$12.91</b>

(1) From Appendix D. For the moderate income category, we used the per unit gap for the owner flats/lofts prototype; the gap for the owner single-family prototype equals \$86,400 per unit.

Legend: HH = households; SF = square feet; Emp = employees.

Source: Urban Land Institute; Association of Bay Area Governments; 1990 Census of Occupation by Industry; California Employment

## VI. NEXUS FEE REVENUE PROJECTIONS

**Table 14** presents projected linkage fee revenues at alternative fee levels based on the current pipeline of major development projects in Oakland. These projections are based on illustrative fee levels only, ranging from \$2.00 per square foot to \$10.00 per square foot.

The projections show potential revenues from major projects in the three major stages of the planning approval process in Oakland: pre-application, application under review, and application approved. In the category of projects which have received planning approval, we have excluded projects which have already received building permits or are under construction. A detailed description of the major projects in the development pipeline in Oakland as of August, 2001 by land use category is contained in **Appendix C**.

The pipeline projections in Table 14 exclude developments of less than 50,000 square feet. For our revenue projections, we assume that 50 percent of the pipeline is actually constructed. The resulting projections indicate that developments in the pre-application stage would generate fee revenues of \$2.9 million to \$14.3 million at alternative fee levels ranging from \$2.00 per square foot to \$10.00 per square foot, respectively. Projects that have submitted applications would generate revenues of \$0.2 million to \$1.0 million at fee levels of \$2.00 to \$10.00 per square foot, respectively. Projected revenues from projects that have received planning approvals but have not yet received building permits range from \$2.6 million to \$13.0 million at the same per square foot fee range.

Combined total fees from all major projects in the development pipeline over 50,000 square feet that have not received building permits equal \$5.7 million to \$28.3 million at fees of \$2.00 per square foot to \$10.00 per square foot, respectively. Clearly, a housing linkage fee is potentially a significant source of funds to help mitigate demand for affordable housing associated with job growth, even at fee levels substantially below those justified by the economic analysis.



**Table 14**  
**COMMERCIAL DEVELOPMENT IMPACT FEE REVENUE PROJECTIONS**  
**CITY OF OAKLAND**  
**2001**

	Office	Warehouse/D istribution	Retail	Hotel	TOTAL
<b>Development Pipeline (SF) (1)</b>					
Pre-Application	2,637,000	0	150,000	67,500	
Application Submitted	205,000	0	0	0	
Application Approved/No Bldg. Permit	2,591,600	0	0	0	
Building Permit Received	1,088,000	951,225	50,000	557,250	
<b>Total Development Pipeline</b>	<b>6,521,600</b>	<b>951,225</b>	<b>200,000</b>	<b>624,750</b>	
<b>Projected Fee Revenues (2)</b>					
Revenues from Projects in Pre-Application					
At a Per Square Foot Fee of:					
\$2.00	\$2,637,000	\$0	\$150,000	\$67,500	\$2,854,500
\$4.00	\$5,274,000	\$0	\$300,000	\$135,000	\$5,709,000
\$6.00	\$7,911,000	\$0	\$450,000	\$202,500	\$8,563,500
\$8.00	\$10,548,000	\$0	\$600,000	\$270,000	\$11,418,000
\$10.00	\$13,185,000	\$0	\$750,000	\$337,500	\$14,272,500
Revenues from Projects w/ Application Submitted					
At a Per Square Foot Fee of:					
\$2.00	\$205,000	\$0	\$0	\$0	\$205,000
\$4.00	\$410,000	\$0	\$0	\$0	\$410,000
\$6.00	\$615,000	\$0	\$0	\$0	\$615,000
\$8.00	\$820,000	\$0	\$0	\$0	\$820,000
\$10.00	\$1,025,000	\$0	\$0	\$0	\$1,025,000
Revenues from Approved Projects					
At a Per Square Foot Fee of:					
\$2.00	\$2,591,600	\$0	\$0	\$0	\$2,591,600
\$4.00	\$5,183,200	\$0	\$0	\$0	\$5,183,200
\$6.00	\$7,774,800	\$0	\$0	\$0	\$7,774,800
\$8.00	\$10,366,400	\$0	\$0	\$0	\$10,366,400
\$10.00	\$12,958,000	\$0	\$0	\$0	\$12,958,000
<b>Total Projected Fee Revenues (2)</b>					
\$2.00	\$5,433,600	\$0	\$150,000	\$67,500	\$5,651,100
\$4.00	\$10,867,200	\$0	\$300,000	\$135,000	\$11,302,200
\$6.00	\$16,300,800	\$0	\$450,000	\$202,500	\$16,953,300
\$8.00	\$21,734,400	\$0	\$600,000	\$270,000	\$22,604,400
\$10.00	\$27,168,000	\$0	\$750,000	\$337,500	\$28,255,500

(1) See Appendix D for a detailed listing of projects in the Oakland development pipeline. Excludes retail developments of less than 50,000 square feet.

(2) Assumes 50 percent of the pipeline is developed; excludes projects which have already received building permits and retail developments of less than 50,000 square feet.

Source: David Paul Rosen & Associates.

## VII. ECONOMIC IMPACT ANALYSIS

The section assesses the potential economic impact of a linkage fee on office, hotel, retail and warehouse/distribution land uses. We use a market and investment approach that incorporates market returns on equity for developers and investors. The evaluation calculates the increase in rents, or decrease in the rate of return on investor equity, required to finance the fee at current market terms for both debt and equity financing.

The City of Oakland will be competing in the Bay Area regional market to attract new non-residential development. We examine existing development impact fees, including commercial linkage fees and other types of development impact fees, in selected Bay Area cities in order to compare fees in Oakland with those in other communities.

DRA interviewed a number of key developers in the Oakland market. The developers indicated that fees in at least nine jurisdictions with fees in place, some for more than ten years, have had no discernible impact on development. One reason may be that fee levels are relatively small as a percentage of development costs and rents and don't affect developers' decisions to build or not build, which are based on the strength of market demand. The impact of existing fees on rents appears marginal and within the range of elasticity of market rents.

### A. Market Rent and Return Analysis

#### 1. Methodology and Assumptions

The economic impact assessment calculates the increase in rents, or decrease in the rate of return on investor equity, required to finance the fee at current market terms for both debt and equity financing. By applying the average financing cost to the fee at illustrative fee levels, we determine the rent increase necessary to keep returns to developers and investors constant. Alternatively, we calculate the decrease in the rate of return on equity to investors assuming rents remain constant.

Total development costs for non-residential construction are typically financed through a combination of debt and equity financing. We have assumed a loan to value ratio of 60 percent for the first position mortgage. Current interest rates on debt financing are approximately 8 percent or less for commercial real estate mortgages. We expect rates on debt to remain constant or decline in the short term. The Federal Reserve recently lowered interest rates again. Actions by the Federal Reserve are most effective in influencing short-term interest rates. Commercial mortgage rates are generally more sensitive than 30-year home mortgage rates, because of their shorter terms of 10 to 15 years.

For this analysis, we have assumed that equity would comprise the other 40 percent of sources used to finance total development costs. We have provided for a 15 percent return on equity, which is higher than current returns on real estate investment trusts (REITs). Based on DRA's substantial experience with REITs, recent returns are generally in the 12

percent to 14 percent range. The Wall Street Journal recently reported actual REIT returns in the 12 percent range before losses.

The average financing cost of capital based on an 8 percent interest rate for a 60 percent loan-to-value mortgage and a 15 percent return on equity for the remaining 40 percent of sources is approximately 11 percent.<sup>10</sup> To be conservative and allow for fluctuations in returns on debt and equity, we have assumed an average financing cost of 12 percent.

After calculating the increase in rents required to finance the commercial development impact fee at illustrative levels, we calculated the increase in rents as a percentage of current market rents. We use the percentage increase in rents required to finance the fee as a primary measure of the magnitude of the impact of the fee. As a secondary measure, our evaluation also examines the fee at alternative levels as a percentage of total development costs for each land use.

The current development costs by land use used in the analysis were estimated through a combination of interviews with Oakland-area real estate developers, a review of pro formas for recent Oakland projects, and use of *RS Means Square Foot Costs 2001* for the City of Oakland. Current rents for office and hotel uses were derived through developer interviews and a review of recent development pro formas. For retail and warehouse/distribution uses, we imputed rents based on estimated costs of capital and operating costs, as these developments (i.e. big box/warehouse club retail and distribution centers) are often owner-occupied.

## 2. Findings

The economic assessment was performed for illustrative fee levels ranging from \$2.00 per square foot to \$10.00 per square foot. The findings of the rent and rate of return analyses are summarized below. **Table 15** through **18** presented at the end of the section detail the economic impact analyses for office, hotel, retail and warehouse/distribution land uses, respectively.

### a. Rent Analysis

The economic impact analysis estimated that a linkage fee of \$2.00 per square foot on office uses would require an increase of \$0.23 in the annual office rent per square foot, representing less than a 1 percent increase in current office rents. An increase of \$1.14 in the annual office rent per square foot would be required to finance a \$10.00 per square foot fee, representing a 3 percent to 4 percent increase in current market rents. For retail and warehouse/distribution uses, a linkage fee of \$2.00 per square foot would require a percentage increase in the annual rent of 0.9 percent; a \$10.00 fee would require a rent increase of 4.5 percent.

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<sup>10</sup> To the extent that mezzanine debt is used to finance a portion of the development cost, the actual cost of capital will be lower than estimated. Interest rates on mezzanine debt are typically in between rates on first position debt and equity.

For hotel uses, a \$2.00 per square foot housing linkage fee would require an increase of \$1.01 in the nightly room rate, representing less than a 1 percent increase in current nightly room rates. A \$10.00 linkage fee per square foot would require an increase of \$5.03 in the nightly room rate, representing a 4 to 5 percent increase in current hotel room rates.

For retail and warehouse/distribution uses, the economic impact on rents is similar on a percentage basis. For retail uses, a \$2.00 per square foot fee requires a 1 percent increase in the imputed rent, while a \$10.00 per square foot fee requires a 4.5 percent increase in the imputed rent.

For warehouse/distribution uses, a \$2.00 per square foot fee requires a 1 percent increase in the imputed rent, while a \$10.00 per square foot fee requires a 4.4 percent increase in the imputed rent.

The findings of the rent analysis are summarized below.

Assumed Linkage Fee Per SF Building Area	Increase in Annual Gross Rent Per Square Foot Required to Finance Linkage Fee (Increase as Percent of Current Market Rent)			
	Class A Office	Warehouse/Distribution	Retail	Luxury Hotel
\$2.00	\$0.23 (0.63%)	\$0.23 (0.89%)	\$0.23 (0.90%)	\$1.01 (0.81%)
\$4.00	\$0.45 (1.26%)	\$0.45 (1.78%)	\$0.45 (1.79%)	\$2.01 (1.61%)
\$6.00	\$0.68 (1.89%)	\$0.68 (2.66%)	\$0.68 (2.69%)	\$3.02 (2.42%)
\$8.00	\$0.91 (2.53%)	\$0.91 (3.55%)	\$0.91 (3.59%)	\$4.03 (3.22%)
\$10.00	\$1.14 (3.16%)	\$1.14 (4.44%)	\$1.14 (4.49%)	\$5.03 (4.03%)

**b. Rate of Return Analysis**

If rents are held constant, the linkage fee will result in a decrease in the rate of return on investor equity. Our analysis looked at the decline in the rate of return on equity from an assumed market return of 15.00 percent. According to our estimates, a linkage fee of \$2.00 per square foot on Class A office uses would result in a decrease in the rate of return on investor equity from 15.00 percent to 14.88 percent, a decline of 12 basis points. A \$10.00 per square foot fee decreases the rate of return on equity by 60 basis points, to 14.40 percent.

For luxury hotel uses, a \$2.00 per square foot fee would result in a decrease in the rate of return on investor equity of 9 basis points (to 14.91 percent). A \$10.00 fee would be associated with a decline of 42 basis points in the yield to the investor (to 14.58 percent).

For retail uses, a \$2.00 per square foot fee would result in a decrease in the rate of return on investor equity of 23 basis points (to 14.77 percent) while a \$10.00 fee would be associated with a decline of 109 basis points in the yield to the investor (to 13.91 percent). Warehouse/distribution uses show a similar decline ranging from 23 basis points for a \$2.00 per square foot fee to 107 basis points for a \$10.00 per square foot fee.

For warehouse/distribution uses, a \$2.00 per square foot housing linkage fee on hotel uses would decrease the rate of return to equity investors by 23 basis points, from an assumed rate of 15.00 percent to 14.77 percent. A \$10.00 per square foot fee on office uses would reduce the rate of return to equity investors by 107 basis points, from an assumed rate of 15.00 percent to 13.93 percent.

Assumed Linkage Fee Per SF Building Area	Rate of Return on Equity			
	Class A Office	Warehouse/Distribution	Retail	Luxury Hotel
No Fee	15.00%	15.00%	15.00%	15.00%
\$2.00	14.88%	14.77%	14.77%	14.91%
\$4.00	14.75%	14.55%	14.55%	14.83%
\$6.00	14.63%	14.34%	14.33%	14.75%
\$8.00	14.52%	14.13%	14.12%	14.66%
\$10.00	14.40%	13.93%	13.91%	14.58%

## **B. Comparison of Development Impact Fees in Selected Bay Area Cities**

### **1. Survey of Bay Area Development Impact Fees**

City of Oakland Community and Economic Development Agency (CEDA) staff conducted a survey of development impact fees among selected Bay Area cities to determine the types of fees charged by these jurisdictions and the amounts of these fees. CEDA staff surveyed the following cities:

- Alameda
- Berkeley
- Emeryville
- Fairfield
- Fremont
- Pleasanton
- Sacramento
- San Francisco
- San Jose
- San Ramon
- Santa Rosa
- Walnut Creek

From the data collected by CEDA staff, DRA sorted the information by land use type to determine the types of fees charged on land use types that are incorporated in this nexus analysis. DRA sorted fee information by office, warehouse/distribution, retail, and hotel land uses.

Development impact fee amounts and types vary greatly by jurisdiction. Most cities charge traffic impact fees on all types of commercial development, with the possible exception of warehouses. Other common fees include school impact fees and facilities fees.

Traffic fees range from \$4.55/sf in Walnut Creek to \$0 in Berkeley, Alameda, and Santa Rosa (although Santa Rosa has a \$1.36/sf to \$4.08/sf fee for infrastructure and services). Traffic fees are among the highest fees charged by jurisdictions. For example, Emeryville charges a traffic fee that ranges from \$0.895/sf to \$1.968/sf for office development (depending upon the size of the building), while it only charges a \$0.31/sf school impact fee. In another example, Pleasanton charges a traffic development impact fee of \$1.35/sf for office development, while its low income housing fee is only \$0.61/sf.

All the jurisdictions surveyed impose a development impact fee of some type on the "office" and "retail" land use types. Again, these fees are mostly in the form of traffic fees. Fees associated with office development and retail development are usually the highest among the four land use types. Because of lower employee to square footage ratios, warehouses are often exempt from development impact fees or the fees are lower than for other land use types. Hotels can also be exempt from some development impact fees, potentially because hotel development occurs less often than office and retail development.

## 2. Estimated Fees for 100,000 Square Foot Prototype Building

Using the survey information collected by City staff, DRA estimated total local development impact fees for prototype 100,000 square foot office, hotel, retail and warehouse/distribution buildings.

Oakland currently charges no development impact fees except school fees, which total approximately \$33,000 for each prototype building, or \$0.33 per square foot. San Jose also has no development impact fees except school fees, but charges a substantial development tax. All of the other twelve cities surveyed have additional impact fees on office and retail development, ranging from \$3 to \$17 per square foot on office uses and \$2 to \$11 per square foot for retail uses. Eight cities have fees on warehouse/distribution uses, ranging from under \$1 to 8 per square foot. Nine of the cities surveyed have additional fees on hotel development, ranging from \$1 to \$9.50 per square foot. San Francisco has the highest development fees for all land uses except warehouse/distribution, for which there is no fee.

Estimated total per square foot development impact fees for the 100,000 square foot prototype are summarized on the next page for the cities surveyed.

**Tables 15** through **18** on the following pages present the detailed economic impact analysis of alternative linkage fee levels on office, hotel, retail and warehouse/distribution land uses, respectively. **Table 19** presents the detailed comparison of estimated city development impact fees for the 100,000 square foot building by land use category.

City	Total Development Impact Fees Per Square Foot Based on 100,000 Square Foot Prototype Building			
	Office	Warehouse/ Distribution	Retail	Hotel
Alameda	\$3.49	\$0.99	\$1.98	\$2.03
Berkeley	\$5.00	None	\$5.00	None
Emeryville	\$1.45-\$10.65	\$0.45	\$2.29-\$5.43	\$1.08
Fairfield	\$3.91-\$7.81	\$0.64-\$4.55	\$10.97-\$14.87	\$4.17-\$8.01
Fremont	\$6.18	\$8.08	\$5.22-\$5.32	\$3.23
<b>Oakland</b>	<b>\$0.33</b>	<b>\$0.33</b>	<b>\$0.33</b>	<b>\$0.33</b>
Pleasanton	\$3.50-\$3.91	\$0.89-\$1.17	\$1.94-\$2.24	\$0.81-\$1.05
Sacramento <sup>11</sup>	\$2.86-\$2.95	\$1.88-\$1.98	\$2.87-\$3.37	\$3.02-\$3.52
San Francisco	\$17.34	None	\$10.57-\$13.95	\$9.50
San Jose	\$0.33	\$0.33	\$0.33	\$0.33
San Ramon <sup>12</sup>	\$6.48	Based on trips	\$5.51	\$4.56
Santa Rosa	\$3.96-\$6.68	\$1.89-\$4.61	\$5.35-\$8.07	\$5.35-\$8.07
Walnut Creek	\$4.55	None	\$3.42	None

<sup>11</sup> Does not include Development fees in special development areas and Technology fees which equal 4% of plan check permit processing fees.

<sup>12</sup> Does not include additional fees for office and hotel uses which may include beautification/cultural activities, aerial/mapping, Westside Special Plan Recovery and landscape/maintenance fees. For warehouse/distribution uses, fees are based on number of projected trips.



Table 15  
 ECONOMIC IMPACT ANALYSIS  
 CITY OF OAKLAND COMMERCIAL DEVELOPMENT IMPACT FEE  
 OFFICE USES

	2001	
	Class A	Class B Major Rehab.
<b>DEVELOPMENT COST ANALYSIS</b>		
Average Development Cost Per Square Foot	\$240	\$170
Linkage Fee As % of Development Cost At a Per Square Foot Fee of:		
\$2.00	0.83%	1.18%
\$4.00	1.67%	2.35%
\$6.00	2.50%	3.53%
\$8.00	3.33%	4.71%
\$10.00	4.17%	5.88%
<b>RENT ANALYSIS (1)</b>		
Average Annual Gross Rent Per Sq. Ft.	\$36.00	\$27.00
Average Occupancy Rate	95%	95%
Increase in Annual Rent Per SF Required to Finance Linkage Fee Per Square Foot of (2) :		
\$2.00	\$0.23	\$0.23
\$4.00	\$0.45	\$0.45
\$6.00	\$0.68	\$0.68
\$8.00	\$0.91	\$0.91
\$10.00	\$1.14	\$1.14
% Increase in Annual Rent Per SF at Linkage Fee Per Square Foot of:		
\$2.00	0.63%	0.84%
\$4.00	1.26%	1.68%
\$6.00	1.89%	2.53%
\$8.00	2.53%	3.37%
\$10.00	3.16%	4.21%

(1) Financing assumptions:

Debt:	
Loan to Value Ratio	60.00%
Debt Interest Rate	8.00%
Equity	
% of Develop. Costs	40.00%
Equity Yield	15.00%
Current Average Financing Cost	10.80%
Assumed Average Financing Cost	12.00%

(2) Equals linkage fee per square foot times assumed average cost of capital divided by occupancy rate.

Source: David Paul Rosen & Associates

Table 15  
**ECONOMIC IMPACT ANALYSIS**  
**CITY OF OAKLAND COMMERCIAL DEVELOPMENT IMPACT FEE**  
**OFFICE USES**

	2001	
	<u>Class A</u>	<u>Class B Major Rehab.</u>
<b>RETURN ANALYSIS</b>		
Original Equity Investment Per Sq. Ft. (3)	\$96.00	\$68.00
Increase in Equity Investment Per Sq. Ft. at Linkage Fee Per Square Foot of: (4)		
\$2.00	\$0.80	\$0.80
\$4.00	\$1.60	\$1.60
\$6.00	\$2.40	\$2.40
\$8.00	\$3.20	\$3.20
\$10.00	\$4.00	\$4.00
Original Return on Equity Per Sq. Ft. (5)	\$14.40	\$10.20
Revised Rate of Return on Equity at Linkage Fee Per Square Foot of: (6)		
\$2.00	14.88%	14.83%
\$4.00	14.75%	14.66%
\$6.00	14.63%	14.49%
\$8.00	14.52%	14.33%
\$10.00	14.40%	14.17%
Decrease (in Basis Points) in Rate of Return on Equity at Linkage Fee Per Square Foot of:		
\$2.00	12	17
\$4.00	25	34
\$6.00	37	51
\$8.00	48	67
\$10.00	60	83

(3) Equals assumed equity yield multiplied by total development cost per square foot (without fee).

(4) Equals assumed equity yield multiplied by fee per square foot.

(5) Equals original return on equity per square foot multiplied by assumed equity yield.

(6) Equals original return on equity per square foot divided by the sum of original equity investment per square foot plus increase in equity investment per square foot.

Source: David Paul Rosen & Associates

Table 16  
**ECONOMIC IMPACT ANALYSIS**  
**CITY OF OAKLAND COMMERCIAL DEVELOPMENT IMPACT FEE**  
**HOTEL USES**

2001

	<u>Luxury</u>	<u>All-Suites</u>
<b>DEVELOPMENT COST ANALYSIS</b>		
Average Development Cost Per Square Foot	\$350	\$300
Linkage Fee As % of Development Cost At a Per Square Foot Fee of:		
\$2.00	0.57%	0.67%
\$4.00	1.14%	1.33%
\$6.00	1.71%	2.00%
\$8.00	2.29%	2.67%
\$10.00	2.86%	3.33%
<b>RENT ANALYSIS (1)</b>		
Average Nightly Room Rate	\$125.00	\$100.00
Average Occupancy Rate	70%	70%
Increase in Nightly Room Rate Required to Finance Linkage Fee Per Square Foot of (2):		
\$2.00	\$1.01	\$1.01
\$4.00	\$2.01	\$2.01
\$6.00	\$3.02	\$3.02
\$8.00	\$4.03	\$4.03
\$10.00	\$5.03	\$5.03
% Increase in Nightly Room Rate at Linkage Fee Per Square Foot of:		
\$2.00	0.81%	1.01%
\$4.00	1.61%	2.01%
\$6.00	2.42%	3.02%
\$8.00	3.22%	4.03%
\$10.00	4.03%	5.03%

(1) Financing assumptions:

Debt:	
Loan to Value Ratio	60.00%
Debt Interest Rate	8.00%
Equity	
% of Develop. Costs	40.00%
Equity Yield	15.00%
Current Average Financing Cost	10.80%
Assumed Average Financing Cost	12.00%

(2) Assumes average room size of 750 square feet.

Source: David Paul Rosen & Associates

**Table 16**  
**ECONOMIC IMPACT ANALYSIS**  
**CITY OF OAKLAND COMMERCIAL DEVELOPMENT IMPACT FEE**  
**HOTEL USES**

2001

	<u>Luxury</u>	<u>All-Suites</u>
<b>RETURN ANALYSIS</b>		
Original Equity Investment Per Sq. Ft. (3)	\$140.00	\$120.00
Increase in Equity Investment Per Sq. Ft. at Linkage Fee Per Square Foot of: (4)		
\$2.00	\$0.80	\$0.80
\$4.00	\$1.60	\$1.60
\$6.00	\$2.40	\$2.40
\$8.00	\$3.20	\$3.20
\$10.00	\$4.00	\$4.00
Original Return on Equity Per Sq. Ft. (5)	\$21.00	\$18.00
Revised Rate of Return on Equity at Linkage Fee Per Square Foot of: (6)		
\$2.00	14.91%	14.90%
\$4.00	14.83%	14.80%
\$6.00	14.75%	14.71%
\$8.00	14.66%	14.61%
\$10.00	14.58%	14.52%
Decrease (in Basis Points) in Rate of Return on Equity at Linkage Fee Per Square Foot of:		
\$2.00	9	10
\$4.00	17	20
\$6.00	25	29
\$8.00	34	39
\$10.00	42	48

(3) Equals assumed equity yield multiplied by total development cost per square foot (without fee).

(4) Equals assumed equity yield multiplied by fee per square foot.

(5) Equals original return on equity per square foot multiplied by assumed equity yield.

(6) Equals original return on equity per square foot divided by the sum of original equity investment per square foot plus increase in equity investment per square foot.

Source: David Paul Rosen & Associates

**Table 17**  
**ECONOMIC IMPACT ANALYSIS**  
**CITY OF OAKLAND COMMERCIAL DEVELOPMENT IMPACT FEE**  
**RETAIL USES**

2001

**DEVELOPMENT COST ANALYSIS**

Average Development Cost Per Square Foot (1)	\$128
Linkage Fee As % of Development Cost At a Per Square Foot Fee of:	
\$2.00	1.56%
\$4.00	3.13%
\$6.00	4.69%
\$8.00	6.25%
\$10.00	7.81%

**RENT ANALYSIS (2)**

Imputed Gross Annual Rent Per Square Foot (3)	\$25.36
Average Occupancy Rate	95%
Increase in Annual Rent Per SF Required to Finance Linkage Fee Per Square Foot of (4) :	
\$2.00	\$0.23
\$4.00	\$0.45
\$6.00	\$0.68
\$8.00	\$0.91
\$10.00	\$1.14
% Increase in Annual Rent Per SF at Linkage Fee Per Square Foot of:	
\$2.00	0.90%
\$4.00	1.79%
\$6.00	2.69%
\$8.00	3.59%
\$10.00	4.48%

(1) Based on hard cost per square foot of \$77 per square foot for a retail store, tilt-up concrete panel construction, localized to the Oakland area, from *RS Means Per Square Foot Costs 2001*. Assumes hard costs represent 60 percent of total development costs.

(2) Financing assumptions:

Debt:	
Loan to Value Ratio	60.00%
Debt Interest Rate	8.00%
Equity	
% of Develop. Costs	40.00%
Equity Yield	15.00%
Current Average Financing Cost	10.80%
Assumed Average Financing Cost	12.00%

(3) Equals development cost per square foot times assumed financing cost, plus assumed annual operating cost of \$10.00 per square foot.

(4) Equals linkage fee per square foot times assumed average cost of capital divided by occupancy rate.

Source: David Paul Rosen & Associates

Table 17  
**ECONOMIC IMPACT ANALYSIS**  
**CITY OF OAKLAND COMMERCIAL DEVELOPMENT IMPACT FEE**  
**RETAIL USES**

2001

**RETURN ANALYSIS**

Original Equity Investment Per Sq. Ft. (3)	\$51.20
Increase in Equity Investment Per Sq. Ft. at Linkage Fee Per Square Foot of: (4)	
\$2.00	\$0.80
\$4.00	\$1.60
\$6.00	\$2.40
\$8.00	\$3.20
\$10.00	\$4.00
Original Return on Equity Per Sq. Ft. (5)	\$7.68
Revised Rate of Return on Equity at Linkage Fee Per Square Foot of: (6)	
\$2.00	14.77%
\$4.00	14.55%
\$6.00	14.33%
\$8.00	14.12%
\$10.00	13.91%
Decrease (in Basis Points) in Rate of Return on Equity at Linkage Fee Per Square Foot of:	
\$2.00	23
\$4.00	45
\$6.00	67
\$8.00	88
\$10.00	109

- (3) Equals assumed equity yield multiplied by total development cost per square foot (without fee).  
(4) Equals assumed equity yield multiplied by fee per square foot.  
(5) Equals original return on equity per square foot multiplied by assumed equity yield.  
(6) Equals original return on equity per square foot divided by the sum of original equity investment per square foot plus increase in equity investment per square foot.

Source: David Paul Rosen & Associates

Table 18  
**ECONOMIC IMPACT ANALYSIS**  
**CITY OF OAKLAND COMMERCIAL DEVELOPMENT IMPACT FEE**  
**WAREHOUSE/DISTRIBUTION USES**

2001

**DEVELOPMENT COST ANALYSIS**

Average Development Cost Per Square Foot (1) \$130

Linkage Fee As % of Development Cost  
 At a Per Square Foot Fee of:

\$2.00	1.54%
\$4.00	3.08%
\$6.00	4.62%
\$8.00	6.15%
\$10.00	7.69%

**RENT ANALYSIS (2)**

Imputed Gross Annual Rent Per Square Foot (3) \$25.60

Average Occupancy Rate 95%

Increase in Annual Rent Per SF Required to Finance

Linkage Fee Per Square Foot of (4) :

\$2.00	\$0.23
\$4.00	\$0.45
\$6.00	\$0.68
\$8.00	\$0.91
\$10.00	\$1.14

% Increase in Annual Rent Per SF  
 at Linkage Fee Per Square Foot of:

\$2.00	0.89%
\$4.00	1.78%
\$6.00	2.66%
\$8.00	3.55%
\$10.00	4.44%

(1) Based on hard cost per square foot of \$78 per square foot for an industrial building, tilt-up concrete panel construction, localized to the Oakland area, from RS Means Per Square Foot Costs 2001. Assumes hard costs represent 60 percent of total development costs.

(2) Financing assumptions:

Debt:	
Loan to Value Ratio	60.00%
Debt Interest Rate	8.00%
Equity	
% of Develop. Costs	40.00%
Equity Yield	15.00%
Current Average Financing Cost	10.80%
Assumed Average Financing Cost	12.00%

(3) Equals development cost per square foot times assumed financing cost, plus assumed annual operating cost of \$10.00 per square foot.

(4) Equals linkage fee per square foot times assumed average cost of capital divided by occupancy rate.

Source: David Paul Rosen & Associates

**Table 18**  
**ECONOMIC IMPACT ANALYSIS**  
**CITY OF OAKLAND COMMERCIAL DEVELOPMENT IMPACT FEE**  
**WAREHOUSE/DISTRIBUTION USES**

2001

**RETURN ANALYSIS**

Original Equity Investment Per Sq. Ft. (3)	\$52.00
Increase in Equity Investment Per Sq. Ft. at Linkage Fee Per Square Foot of: (4)	
\$2.00	\$0.80
\$4.00	\$1.60
\$6.00	\$2.40
\$8.00	\$3.20
\$10.00	\$4.00
Original Return on Equity Per Sq. Ft. (5)	\$7.80
Revised Rate of Return on Equity at Linkage Fee Per Square Foot of: (6)	
\$2.00	14.77%
\$4.00	14.55%
\$6.00	14.34%
\$8.00	14.13%
\$10.00	13.93%
Decrease (in Basis Points) in Rate of Return on Equity at Linkage Fee Per Square Foot of:	
\$2.00	23
\$4.00	45
\$6.00	66
\$8.00	87
\$10.00	107

(3) Equals assumed equity yield multiplied by total development cost per square foot (without fee).

(4) Equals assumed equity yield multiplied by fee per square foot.

(5) Equals original return on equity per square foot multiplied by assumed equity yield.

(6) Equals original return on equity per square foot divided by the sum of original equity investment per square foot plus increase in equity investment per square foot.

Source: David Paul Rosen & Associates



Table 19

**LOCAL DEVELOPMENT FEES  
AMONG SELECTED BAY AREA CITIES BY LAND USE  
ASSUMING 100,000 SQUARE FOOT BUILDING**

August 2001

CITY	OFFICE	WAREHOUSE/ DISTRIBUTION	RETAIL	HOTEL
<b>Alameda</b>	<ul style="list-style-type: none"> <li>• Affordable Housing, \$300,000</li> <li>• Parking, \$305 + T&amp;M</li> <li>• Police &amp; Fire, \$15,500</li> <li>• School, \$33,000</li> </ul> <p><b>TOTAL: \$348,805 plus T&amp;M</b></p>	<ul style="list-style-type: none"> <li>• Affordable Housing, \$50,000</li> <li>• Parking, \$305 + T&amp;M</li> <li>• Police &amp; Fire, \$15,500</li> <li>• School, \$33,000</li> </ul> <p><b>TOTAL: \$98,805 plus T&amp;M</b></p>	<ul style="list-style-type: none"> <li>• Affordable Housing, \$150,000</li> <li>• Parking, \$305 + T&amp;M</li> <li>• Police &amp; Fire, \$15,500</li> <li>• School, \$33,000</li> </ul> <p><b>TOTAL: \$198,805 plus T&amp;M</b></p>	<ul style="list-style-type: none"> <li>• Affordable Housing, \$154,000 (based on 200 rooms)</li> <li>• Parking, \$305 + T&amp;M</li> <li>• Police &amp; Fire, \$15,500</li> <li>• School, \$33,000</li> </ul> <p><b>TOTAL: \$202,805 plus T&amp;M</b></p>
<b>Berkeley</b>	<ul style="list-style-type: none"> <li>• Affordable Housing, \$400,000</li> <li>• Child Care Fee, \$100,000</li> </ul> <p><b>TOTAL: \$500,000</b></p>	<ul style="list-style-type: none"> <li>• No fees</li> </ul> <p><b>TOTAL: \$0</b></p>	<ul style="list-style-type: none"> <li>• Affordable Housing, \$400,000</li> <li>• Child Care Fee, \$100,000</li> </ul> <p><b>TOTAL: \$500,000</b></p>	<ul style="list-style-type: none"> <li>• No fees</li> </ul> <p><b>TOTAL: \$0</b></p>

Table 19

**LOCAL DEVELOPMENT FEES  
AMONG SELECTED BAY AREA CITIES BY LAND USE  
ASSUMING 100,000 SQUARE FOOT BUILDING**

August 2001

CITY	OFFICE	WAREHOUSE/ DISTRIBUTION	RETAIL	HOTEL
<b>Emeryville</b>	<ul style="list-style-type: none"> <li>• Traffic Fees: \$89,500 to \$1,010,000</li> <li>• School fees, \$31,000</li> <li>• Art in Public Places, \$24,000 (based on \$240/sf TDC)</li> </ul> <p><b>TOTAL: \$144,500 to \$1,065,000</b></p>	<ul style="list-style-type: none"> <li>• School fees, \$31,000</li> <li>• Art in Public Places, \$12,800 (based on \$128/sf TDC)</li> </ul> <p><b>TOTAL: \$43,800</b></p>	<ul style="list-style-type: none"> <li>• Traffic Fees: \$185,000 to \$499,400</li> <li>• School fees, \$31,000</li> <li>• Art in Public Places, \$12,800 (based on \$128/sf TDC)</li> </ul> <p><b>TOTAL: \$228,800 to \$543,200</b></p>	<ul style="list-style-type: none"> <li>• Traffic fees, \$66,800 (based on 200 rooms)</li> <li>• School fees, \$31,000</li> <li>• Art in Public Places, \$35,000 (based on \$350/sf TDC)</li> </ul> <p><b>TOTAL: \$107,750</b></p>
<b>Fairfield</b>	<ul style="list-style-type: none"> <li>• N. Texas St. Benefit, \$384,000 for projects located in benefit district</li> <li>• Public facilities, \$43,400</li> <li>• School, \$27,000 to \$33,000</li> <li>• Art in public places, \$60,000 (based on \$240/sf TDC)</li> <li>• Traffic, \$233,000</li> <li>• Urban Design, \$3,000</li> <li>• Public facilities, \$25,000</li> </ul> <p><b>TOTAL: \$391,400 to \$781,400</b></p>	<ul style="list-style-type: none"> <li>• N. Texas St. Benefit, \$384,000 for projects located in benefit district</li> <li>• Public facilities, \$5,500</li> <li>• School, \$27,000 to \$33,000</li> <li>• Art in public places, \$32,000 (based on \$128/sf TDC)</li> </ul> <p><b>TOTAL: \$64,500 to \$454,500</b></p>	<ul style="list-style-type: none"> <li>• N. Texas St. Benefit, \$384,000 for projects located in benefit district</li> <li>• Public facilities, \$26,000</li> <li>• School, \$27,000 to \$33,000</li> <li>• Art in public places, \$32,000 (based on \$128/sf TDC)</li> <li>• Traffic, \$928,000</li> <li>• Urban Design, \$2,000</li> <li>• Public facilities, \$82,000</li> </ul> <p><b>TOTAL: \$1,097,000 to \$1,487,000</b></p>	<ul style="list-style-type: none"> <li>• N. Texas St. Benefit, \$384,000 for projects located in benefit district</li> <li>• Traffic, \$337,000</li> <li>• Urban Design, \$2,000</li> <li>• Public facilities, \$78,000</li> </ul> <p><b>TOTAL: \$417,000 to \$801,000</b></p>

Table 19

**LOCAL DEVELOPMENT FEES  
AMONG SELECTED BAY AREA CITIES BY LAND USE  
ASSUMING 100,000 SQUARE FOOT BUILDING**

August 2001

CITY	OFFICE	WAREHOUSE/ DISTRIBUTION	RETAIL	HOTEL
<b>Fremont</b>	<ul style="list-style-type: none"> <li>• Capital Facilities, \$78,300</li> <li>• Traffic, \$519,000</li> <li>• Fire Protection, \$20,400</li> </ul> <p><b>TOTAL: \$617,700</b></p>	<ul style="list-style-type: none"> <li>• Capital Facilities, \$19,600</li> <li>• Traffic, \$787,200</li> <li>• Fire Protection, \$800</li> </ul> <p><b>TOTAL: \$807,600</b></p>	<ul style="list-style-type: none"> <li>• Capital Facilities, \$39,100</li> <li>• Traffic, \$474,300 to \$484,200</li> <li>• Fire Protection, \$8,300</li> </ul> <p><b>TOTAL: \$521,700 to \$531,600</b></p>	<ul style="list-style-type: none"> <li>• Traffic, \$125,300 and \$189,200 (based on 200 rooms)</li> <li>• Fire Protection, \$8,300</li> </ul> <p><b>TOTAL: \$322,800</b></p>
<b>Pleasanton</b>	<ul style="list-style-type: none"> <li>• Development Impact, \$61,000</li> <li>• Low Income Housing, \$52,000</li> <li>• Transportation, \$102,000</li> <li>• Fire Refunding, \$41,000</li> <li>• Traffic Development Impact, \$135,000</li> </ul> <p><b>TOTAL: \$350,000 to \$391,000</b></p>	<ul style="list-style-type: none"> <li>• Development Impact, \$37,000</li> <li>• Low Income Housing, \$52,000</li> <li>• Fire Refunding, \$28,000</li> </ul> <p><b>TOTAL: \$89,000 to \$117,000</b></p>	<ul style="list-style-type: none"> <li>• Development Impact, \$40,000</li> <li>• Low Income Housing, \$52,000</li> <li>• Transportation, \$102,000</li> <li>• Fire Refunding, \$30,000</li> </ul> <p><b>TOTAL: \$194,000 to \$224,000</b></p>	<ul style="list-style-type: none"> <li>• Development Impact, \$29,000</li> <li>• Low Income Housing, \$52,000</li> <li>• Fire Refunding, \$24,000</li> </ul> <p><b>TOTAL: \$81,000 to \$105,000</b></p>

Table 19

**LOCAL DEVELOPMENT FEES  
AMONG SELECTED BAY AREA CITIES BY LAND USE  
ASSUMING 100,000 SQUARE FOOT BUILDING**

August 2001

CITY	OFFICE	WAREHOUSE/ DISTRIBUTION	RETAIL	HOTEL
<b>Sacramento</b>	<ul style="list-style-type: none"> <li>• Development, various</li> <li>• Fire Impact, \$20,000 to \$21,000</li> <li>• Affordable Housing, \$99,000</li> <li>• Park Development, \$14,000</li> <li>• School, \$31,000</li> <li>• Technology Surcharge, 4% of plan check fee or permit processing fee</li> <li>• Transit, \$100,000</li> <li>• Transit (nonresidential), \$22,000 to \$30,000</li> </ul> <p><b>TOTAL: \$286,000 - \$295,000 Plus Development and Technology Fees</b></p>	<ul style="list-style-type: none"> <li>• Development, various</li> <li>• Fire Impact, \$20,000 to \$21,000</li> <li>• Affordable Housing, \$27,000 to \$36,000</li> <li>• Park Development, \$10,000</li> <li>• School, \$31,000</li> <li>• Technology Surcharge, 4% of plan check fee or permit processing fee</li> <li>• Transit, \$100,000</li> </ul> <p><b>TOTAL: \$188,000 - \$198,000 Plus Development and Technology Fees</b></p>	<ul style="list-style-type: none"> <li>• Development, various</li> <li>• Fire Impact, \$20,000 to \$21,000</li> <li>• Affordable Housing, \$79,000</li> <li>• Park Development, \$10,000</li> <li>• School, \$31,000</li> <li>• Technology Surcharge, 4% of plan check fee or permit processing fee</li> <li>• Transit, \$100,000</li> <li>• Transit (nonresidential), \$47,000 to \$96,000</li> </ul> <p><b>TOTAL: \$287,000 - \$337,000 Plus Development and Technology Fees</b></p>	<ul style="list-style-type: none"> <li>• Development, various</li> <li>• Fire Impact, \$20,000 to \$21,000</li> <li>• Affordable Housing, \$94,000</li> <li>• Park Development, \$10,000</li> <li>• School, \$31,000</li> <li>• Technology Surcharge, 4% of plan check fee or permit processing fee</li> <li>• Transit, \$100,000</li> <li>• Transit (nonresidential), \$47,000 to \$96,000</li> </ul> <p><b>TOTAL: \$302,000 - \$352,000 Plus Development and Technology Fees</b></p>

Table 19

**LOCAL DEVELOPMENT FEES  
AMONG SELECTED BAY AREA CITIES BY LAND USE  
ASSUMING 100,000 SQUARE FOOT BUILDING**

August 2001

CITY	OFFICE	WAREHOUSE/ DISTRIBUTION	RETAIL	HOTEL
<b>San Francisco</b>	<ul style="list-style-type: none"> <li>• Affordable Housing, \$1,134,000 (\$1,496,000 after 1/1/02)</li> <li>• Child Care, \$100,000</li> <li>• Transportation, \$500,000</li> </ul> <p><b>TOTAL: \$1,734,000</b> <b>(\$2,096,000 after 1/1/02)</b></p>	<ul style="list-style-type: none"> <li>• No fees</li> </ul> <p><b>TOTAL: \$0</b></p>	<ul style="list-style-type: none"> <li>• Affordable Housing, \$1,057,000 (\$1,395,000 after 1/1/02)</li> </ul> <p><b>TOTAL: \$1,057,000 (\$1,395,000 after 1/1/02)</b></p>	<ul style="list-style-type: none"> <li>• Affordable Housing, \$850,000 (\$1,121,000 after 1/1/02)</li> <li>• Child Care, \$100,000</li> </ul> <p><b>TOTAL: \$950,000 (\$1,221,000 after 1/1/02)</b></p>
<b>San Jose</b>	<ul style="list-style-type: none"> <li>• Schools, \$33,000</li> </ul> <p><b>TOTAL: \$33,000</b></p>	<ul style="list-style-type: none"> <li>• Schools, \$33,000</li> </ul> <p><b>TOTAL: \$33,000</b></p>	<ul style="list-style-type: none"> <li>• Schools, \$33,000</li> </ul> <p><b>TOTAL: \$33,000</b></p>	<ul style="list-style-type: none"> <li>• Schools, \$33,000</li> </ul> <p><b>TOTAL: \$33,000</b></p>

Table 19

**LOCAL DEVELOPMENT FEES  
AMONG SELECTED BAY AREA CITIES BY LAND USE  
ASSUMING 100,000 SQUARE FOOT BUILDING**

August 2001

CITY	OFFICE	WAREHOUSE/ DISTRIBUTION	RETAIL	HOTEL
<b>San Ramon</b>	<ul style="list-style-type: none"> <li>• Traffic Impact Mitigation, \$72,000</li> <li>• JEPA Traffic Mitigation, \$347,000</li> <li>• South Contra Costa Regional Fee, \$129,000</li> <li>• Transportation Development, \$100,000</li> <li>• Other fees may include Beautification/Cultural Activities, Aerial Mapping, Westside Special Plan Recovery, and Landscape/Maintenance</li> </ul> <p><b>TOTAL: \$648,000 plus additional fees</b></p>	<ul style="list-style-type: none"> <li>• Traffic Impact Mitigation, \$530 per trip</li> <li>• JEPA Traffic Mitigation, \$2,222 per trip</li> <li>• South Contra Costa Regional Fee, \$792/trip</li> <li>• Transportation Development, \$1,500 per average a.m. peak hour trip</li> </ul>	<ul style="list-style-type: none"> <li>• Traffic Impact Mitigation, \$154,000</li> <li>• JEPA Traffic Mitigation, \$217,000</li> <li>• South Contra Costa Regional Fee, \$80,000</li> <li>• Transportation Development, \$100,000</li> <li>• Other fees may include Beautification/Cultural Activities, Aerial Mapping, Westside Special Plan Recovery, and Landscape/Maintenance</li> </ul> <p><b>TOTAL: \$551,000 plus additional fees</b></p>	<ul style="list-style-type: none"> <li>• Traffic Impact Mitigation, \$159,000</li> <li>• JEPA Traffic Mitigation, \$217,000</li> <li>• South Contra Costa Regional Fee, \$80,000</li> </ul> <p><b>TOTAL: \$456,000</b></p>
<b>Santa Rosa</b>	<ul style="list-style-type: none"> <li>• Capital Facilities, \$260,000</li> <li>• Infrastructure and Services Fee, \$136,000 to \$408,000</li> </ul> <p><b>TOTAL: \$396,000 to \$668,000</b></p>	<ul style="list-style-type: none"> <li>• Capital Facilities, \$53,000</li> <li>• Infrastructure and Services Fee, \$136,000 to \$408,000</li> </ul> <p><b>TOTAL: \$189,000 to \$461,000</b></p>	<ul style="list-style-type: none"> <li>• Capital Facilities, \$399,000</li> <li>• Infrastructure and Services Fee, \$136,000 to \$408,000</li> </ul> <p><b>TOTAL: \$535,000 to \$807,000</b></p>	<ul style="list-style-type: none"> <li>• Capital Facilities, \$399,000</li> <li>• Infrastructure and Services Fee, \$136,000 to \$408,000</li> </ul> <p><b>TOTAL: \$535,000 to \$807,000</b></p>

Table 19

**LOCAL DEVELOPMENT FEES  
AMONG SELECTED BAY AREA CITIES BY LAND USE  
ASSUMING 100,000 SQUARE FOOT BUILDING**

August 2001

CITY	OFFICE	WAREHOUSE/ DISTRIBUTION	RETAIL	HOTEL
Walnut Creek	<ul style="list-style-type: none"> <li>• Traffic Impact, \$455,000</li> </ul> <p><b>TOTAL: \$455,000</b></p>	<ul style="list-style-type: none"> <li>• No fees</li> </ul> <p><b>TOTAL: \$0</b></p>	<ul style="list-style-type: none"> <li>• Traffic Impact, \$342,000</li> </ul> <p><b>TOTAL: \$342,000</b></p>	<ul style="list-style-type: none"> <li>• No fees</li> </ul> <p><b>TOTAL: \$0</b></p>

**OAKLAND NEXUS STUDY**  
**APPENDIX B**  
**AFFORDABILITY GAP ANALYSIS**

September 13, 2001



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## City of Oakland Affordability Gap Analysis

### A. Executive Summary

The City of Oakland retained David Paul Rosen & Associates (DRA) to prepare a nexus study as part of their analysis of a commercial linkage fee to support affordable housing development. As part of this analysis, DRA prepared a study of the affordability "gap" that represents the capital subsidy required to develop housing affordable to families at a range of income levels.

The first step in the gap analysis established the amount a tenant or homebuyer can afford to contribute to the cost of renting or owning a dwelling unit based on established State and federal standards. Income levels, housing costs and rents used in the analysis are defined below.

The second step estimated the costs of constructing or preserving affordable housing in Oakland. For this purpose, DRA in collaboration with Agency staff developed three prototypical housing developments suitable for the Oakland market today. DRA estimated the cost to develop these housing prototypes in Oakland under current housing conditions using RS Means data and data on actual recent housing developments.

The third step in the gap analysis established the housing expenses borne by the tenants and owners. These costs can be categorized into operating costs, and financing or mortgage obligations. Operating costs are the maintenance expenses of the unit, including utilities, property maintenance, property taxes, management fees, property insurance, replacement reserve, and insurance. For the rental prototypes examined in this analysis, DRA assumed that the landlord pays all but certain tenant-paid utilities as an annual operating cost of the unit paid from rental income. For owner prototypes, DRA assumed the homebuyer pays all operating and maintenance costs for the home.

Financing or mortgage obligations are the costs associated with the purchase or development of the housing unit itself. These costs occur when all or a portion of the development cost is financed. This cost is always an obligation of the landlord or owner. Supportable financing is deducted from the total development cost, less any owner equity, to determine the capital subsidy required to develop the prototypical housing unit affordable to an eligible family at each income level.

For rental housing prototypes, the gap analysis calculates the difference between total development costs and the conventional mortgage supportable by net operating income from restricted rents. For owners, the gap is the difference between development costs and the supportable mortgage plus the buyer's downpayment.

The resulting affordability gap for renter or owner housing must be filled from other sources, such as a commercial linkage fee.

The findings of the gap analysis are summarized in **Table 1**. Detailed financial calculations for the gap analysis are contained in Attachment A.

## **B. Housing Prototypes**

**Table 2** describes the three housing prototypes, one rental and two owner, examined in the gap analysis. These prototypes were developed in collaboration with City staff to represent likely affordable housing developments in Oakland in terms of the resident population, product and construction type, density, number of units, unit mix by bedroom count, and unit size.

### **1. Rental Housing Prototype**

The rental prototype examined is a new construction family rental housing development on a site of approximately two-thirds of an acre

With predominately one and two-bedroom market-rate apartments in the City, the greatest need is for two- and three-bedroom family rental housing units. The family rental prototype is assumed to have one-third three-bedroom units to meet this need.

### **2. Owner Housing Prototypes**

The owner housing prototypes include a new construction stacked flat condominium prototype on approximately 1.4 acres. This prototype incorporates 202 units, 28 of which are lofts.

The second is a single-family detached new construction prototype on a 4.6 acre site.

**Table 1**  
**Summary of Per Unit Affordability Gaps (1)**  
**Oakland Affordability Gap Analysis**  
**2001**

Financing Scenario Prototype	# of Units	Rental Prototypes		Owner Prototypes
		Very Low Income - 50% AMI	Low Income - 80% AMI	120% AMI
		1. Family Rental	30	\$129,900
2. Owner Condos	202	N/A	N/A	\$47,400
3. Owner SFD	71	N/A	N/A	\$86,400

(1) All gaps are reported as permanent financing sources or capital requirements.

Source: David Paul Rosen & Associates

**Table 2  
Housing Prototype Projects  
Oakland Affordability Gap Analysis**

<b>PROTOTYPE</b>	<b>1. Family Rental</b>	<b>2. Owner Condos</b>	<b>3. Owner SFD</b>
<b>UNIT COUNT</b>	30 Units	202 Units	71 Units
<b>TENURE</b>	Rental	Owner	Owner
<b>RESIDENT POP.</b>	Family	Family	Family
<b>TYPE OF PRODUCT</b>	Stacked Flats, Townhomes 3 Stories	Stacked Flats, 4 Stories Over Lofts At Grade	Single-Family Detached 2 Story, PUD
<b>CONSTRUCTION TYPE</b>	Wood Frame	Wood Frame	Wood Frame
<b>DENSITY (DU'S/Acre)</b>	45.5	146.7	15.5
<b>LAND AREA (Acres)</b>	0.660 Acres	1.377 Acres	4.59 Acres
<b>UNITS BY BR COUNT</b>			
Lofts	0	28	0
One Bedroom	7	94	0
Two Bedroom	10	80	1
Three Bedroom	10	0	49
Four Bedroom	2	0	21
Manager's	1	0	0
<b>UNIT SIZE (Net SF)</b>			
Lofts	0	934	0
One Bedroom	609	804	0
Two Bedroom	788	1,148	940
Three Bedroom	916	0	1,294
Four Bedroom	1,292	0	1,580
Manager's	772	0	0
Ave. (Exclud. Mgr's)	822	958	1,374
<b>BLDG. SQ. FEET</b>			
Net Living Area	24,667	193,594	97,526
Community Space/ Common Space	3,416	3,753	0
<b>Total Net Bldg. SF</b>	<b>28,083</b>	<b>197,347</b>	<b>97,526</b>
<b>TYPE OF PARKING</b>	20 spaces on grade 10 spaces on grade in garage	2 story structured above grade	2-car tandem, garage and off-street
<b>NO. OF PKG. SPACES</b>	30	209	231
<b>PARKING SF</b>	3,763	71,087	
<b>AMENITIES</b>	2 Community Rooms, Computer Room, Conference Room, and Open Space	Recreation/Community Room	2 Mini-Parks

## **C. Financing Scenario, Target Income Levels, and Affordable Housing Cost**

### **1. Financing Scenario**

DRA has modeled the rental prototype under a financing scenario that does not incorporate leverage from alternative sources of funds. Because of the limited availability of affordable housing subsidies, it is not possible to predict the ability of any particular affordable housing development to secure such subsidies. Therefore, we model the total gap financing necessary to make the affordable housing development feasible.

No leverage is assumed for the owner housing prototypes. Leveraged sources for ownership housing are scarce and are not practical for the prototypes examined in this report.

### **2. Target Income Levels**

In consultation with Agency staff, the gap analysis for the rental prototype is based on targeting very low and lower income households as defined under California Redevelopment Law. Very low income households are defined as households at 50 percent of area median income or below. Lower income households are defined as households from 51 percent of area median income to 80 percent of area median income. Because the definitions of very low and lower income households incorporate a range of incomes, the Agency selected the target incomes of 45 percent of area median income for very low income households and 65 percent of area median income for lower income households for purposes of the gap analysis.

Because there is a range of incomes that fall under the definition of moderate income under redevelopment law (81 percent to 120 percent of area median income) the Agency chose to model the owner gap analysis at a midpoint of this range, or 100 percent of area median income.

### **3. Affordable Housing Cost**

Calculation of the affordability gap requires defining affordable housing expense for renters and owners. California Redevelopment Law, which governs expenditures of the City of Oakland Redevelopment Agency's Low and Moderate Income Housing Fund, in combination with the California Health and Safety Code defines affordable housing cost for three income levels:

**Affordable Housing Cost Definitions  
California Redevelopment Law**

<u>Income Level of Occupants</u>	<u>Type of Housing</u>	
	Rental	Ownership
Very low income (50% of median and below)	30% of 50% AMI (1)	30% of 50% AMI
Lower income (51-80% of median)	30% of 60% AMI (2)	30% of 70% AMI (2)
Moderate income (81-120% of median)	30% of 110% AMI (2)	35% of 110% AMI (2) but no less than 28% of actual income

(1) Area median income is \$71,600 for a household of four in the Oakland PMSA for 2001.  
 (2) With optional higher housing cost linked to actual income at the upper end of the income category.

**a. Rental Housing Gap Analysis**

Under California Redevelopment Law, affordable housing cost must be calculated based on occupancy standards required under California Health and Safety Code 50052.5, Subsection C. To meet this requirement, affordable rents must be calculated based on an occupancy standard of one person per bedroom plus an additional person. For example, for a two-bedroom unit, the standard is one person per bedroom plus an additional person for a total occupancy of three persons. DRA incorporated this occupancy standard in our calculations of affordable housing cost.

For the purposes of this gap analysis, affordable housing cost for renters is defined as 30 percent of the specified income target (for example, 30 percent of 50 percent of area median income). This definition is consistent with California Redevelopment Law for renter households at the income levels used in this analysis.

Table 3 summarizes the calculations of affordable rents.

**b. Ownership Housing Gap Analysis**

For units assisted with 20 percent tax increment housing set-aside funds, California Redevelopment Law requires that affordable owner housing cost for moderate income households (greater than 80 percent and up to 120 percent of area median income) may not exceed 35 percent of 110 percent of area median income adjusted for household size.



**Table 3  
AFFORDABLE RENT ANALYSIS  
INCOME AND UTILITY ALLOWANCE ASSUMPTIONS**

**ASSUMPTIONS**

2001 Median Household Income, Oakland PMSA, Four Person Household                     \$71,600  
 Affordable Housing Cost As a % of Income   30%

	<b>Lofts</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>
No. of Bedrooms					
Household Size, Health and Safety Code	2 Persons	2 Persons	3 Persons	4 Persons	5 Persons
Household Size Income Adjust. Factor, Tax Credits	80%	80%	90%	104%	116%
Flats Utility Allowance (1)	\$44	\$44	\$55	\$67	\$80
House Utility Allowance (2)	\$107	\$107	\$135	\$170	\$229

**AFFORDABLE RENTS AND GROSS RENTAL INCOME BY INCOME LEVEL  
TAX CREDIT HOUSEHOLD SIZE ADJUSTMENT FACTOR**

<u>45% of Median</u>	<b>Lofts</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>
Annual Gross Income	\$25,776	\$25,776	\$28,998	\$33,509	\$37,375
Affordable Monthly Housing Cost	\$644	\$644	\$725	\$838	\$934
Less: Monthly Utility Allowance (1)	(\$44)	(\$44)	(\$55)	(\$67)	(\$80)
Affordable Monthly Rent	\$600	\$600	\$670	\$771	\$854
 <u>60% of Median</u>					
Annual Gross Income	\$34,368	\$34,368	\$38,664	\$44,678	\$49,834
Affordable Monthly Housing Cost	\$859	\$859	\$967	\$1,117	\$1,246
Less: Monthly Utility Allowance (1)	(\$44)	(\$44)	(\$55)	(\$67)	(\$80)
Affordable Monthly Rent	\$815	\$815	\$912	\$1,050	\$1,166

- (1) Oakland Housing Authority 2001 utility allowances for electric lighting, gas cooking and heating.  
 (2) Oakland Housing Authority 2001 utility allowances for electric lighting; gas cooking, heating, and hot water; water; and, garbage.

Similar to the rental housing gap analysis, the ownership housing gap analysis incorporates occupancy standards required under the California Health and Safety Code, which is one person per bedroom plus one additional person in the unit.

#### **D. Utility Allowances and Affordable Housing Expense**

Allowable affordable net rents are calculated subtracting allowances for the utilities paid directly by the tenants from the gross rent (or affordable housing cost). For owners, the affordable mortgage principal and interest payment is calculated by determining the affordable housing cost and deducting costs for taxes, property insurance, utilities, homeowner association dues and maintenance expense.

For purposes of the rental gap analysis, we incorporated 2001 utility allowances as defined by the Oakland Housing Authority. The rental gap analysis assumes that the resident pays utilities on the following items:

- electric lighting and refrigerator; and
- gas cooking and heating.

The owner gap analysis uses the same assumptions and also includes utility costs for garbage and water.

Actual utility allowances depend upon a variety of factors, including the utilities that are paid by the tenants (e.g. water, gas, electricity, sewer, trash), the type of appliances and heating units incorporated in the units, and whether appliances and heating units require electricity or gas.

#### **E. Development Costs**

Hard construction costs are based on 2001 data from RS Means, as described below. Other development costs were estimated based on actual costs for recent housing developments in Oakland, obtained through interviews with local developers and a review of available project pro formas.

## **1. Land Acquisition Costs**

### **a. Rental Housing Prototype**

The land acquisition costs for the rental housing prototype is based on the appraised value per square foot for an actual rental housing development located at 6600 International Boulevard in Oakland. We assumed a land cost of \$13.57 per square foot, with no toxic clean up costs.

### **b. Owner Housing Prototype**

The land acquisition costs for the owner condominium prototype is based on the actual acquisition cost of \$67 per square foot for the Bayporte Village condominium site. The land acquisition cost for the owner single family development was more difficult to estimate because there are no recent comparable land sales. A nonprofit affordable housing developer recently purchased a site in West Oakland for approximately \$30 per square foot. Because the market may have softened since the acquisition earlier this year, we incorporated a land cost of \$25 per square foot for the single-family home prototype.

## **2. Development Costs**

### **a. Rental Housing Prototype**

Construction hard costs are based on 2001 data provided by RS Means, adjusted for Oakland. For the rental housing prototype, DRA estimated costs based on a three story apartment building with wood siding. Parking garage costs and soft development costs are based on recent projects in Oakland.

### **b. Owner Housing Prototypes**

Construction hard costs are based on 2001 data provided by RS Means for both owner housing prototypes. For the owner condominium prototype, DRA estimated costs based on an apartment building with a steel frame and a stucco on concrete block exterior. Parking garage costs are based on actual costs experienced by similar housing developments in Oakland.

For the single-family detached owner prototype, DRA estimated costs based on an "average" two story residence with two bathrooms and an attached garage. RS Means defines four alternative classes of construction for single family homes: economy, average, custom, and luxury. We selected the average class of construction because this grade is reflective of recent homes constructed in Oakland. The following summarizes the specifications for alternative classes of construction for single family homes:

- Economy: mass produced from stock plans, continuous reinforced concrete footing foundation, 2 x 4 wood studs with 2 x 6 rafters, beveled wood siding, 20 year asphalt shingle roof, rubber backed carpet over 80 percent of flooring and asphalt tile over 20 percent of flooring, economy grade kitchen cabinets with plastic laminate counter top.
- Average: simple design from standard plans, continuous reinforced concrete footing foundation, 2 x 4 wood studs with 2 x 6 rafters, 2 x 6 ceiling joists, 2 x 10 floor joists, plywood subfloor, beveled wood siding, 25 year asphalt shingle roof, finished hardwood floor over 40 percent, carpet with underlayment over 40 percent of flooring, vinyl tile over 15 percent of flooring, ceramic tile over five percent of flooring, average grade kitchen cabinets with plastic laminate counter top.
- Custom: built from designer plans, continuous reinforced concrete footing foundation, 2 x 6 wood studs with 2 x 8 rafters, 2 x 8 ceiling joists, 2 x 8 floor joists, plywood subfloor, horizontal beveled wood siding, 30 year asphalt shingle roof, finished hardwood floor over 70 percent, vinyl tile over 10 percent of flooring, ceramic tile over 20 percent of flooring, custom grade kitchen cabinets with plastic laminate counter top, air conditioning.
- Luxury: unique residence built from architectural plans, continuous reinforced concrete footing foundation, 2 x 6 wood studs with 2 x 8 rafters, 2 x 8 ceiling joists, 2 x 8 floor joists, plywood subfloor, face brick veneer siding, cedar shingle roof, finished hardwood floor over 70 percent, vinyl tile over 10 percent of flooring, ceramic tile over 20 percent of flooring, luxury grade kitchen cabinets with plastic laminate counter top, air conditioning.

**Table 4** summarizes the different costs associated with alternative grades as defined by RS Means.

Per unit total development costs for each prototype are summarized in **Table 5**. Detailed development cost assumptions and budgets for each prototype are contained in Attachment A.

Table 4

Per Square Foot Hard Construction Costs, RS Means  
Alternative Classes of Single Family Homes  
Oakland (1)(2)

<u>Class of Construction</u>	<u>Per Square Foot Cost</u>
Economy	\$74.87
Average	\$97.23
Custom	\$121.60
Luxury	\$140.60

(1) Based on two-story 1,400 square foot home. Source: RS Means, 2001 Square Foot Costs

(2) Does not include garage costs. Economy and average classes have one bathroom. Custom and luxury classes have one and a half bathrooms.

**Table 5**  
**Summary of Estimated Per Unit Development Costs for Housing Prototypes**  
**Oakland Affordability Gap Analysis**  
**2001**

<b>Prototype</b>	<b># of Units</b>	<b>Rental Prototype - Very Low Income</b>	<b>Rental Prototype - Low Income</b>	<b>Owner Prototypes</b>
1. Family Rental	30	\$173,200	\$175,800	N/A
2. Owner Condos	202	N/A	N/A	\$206,500
3. Owner SFD	71	N/A	N/A	\$274,500

Source: David Paul Rosen & Associates

## **F. Operating And Financing Cost Assumptions**

### **1. General Operating Costs, Rental Prototype**

Annual operating costs are estimated at \$3,700 per unit for the rental prototype. This amount is based on operating budgets for recent Oakland rental developments and is consistent with operating costs DRA has reviewed on other affordable rental housing projects. We assumed replacement reserve fund deposits of \$250 per unit per year for the rental prototype. Operating reserve fund deposits are deducted at 3 percent of the operating budget annually.

A vacancy allowance of five percent is also deducted from rental income to compensate for the landlord's potential loss of rental income when units become unoccupied, particularly when tenants move before a new tenant is found. Subsidized, lower income properties that are well managed can experience much lower vacancy rates of one to three percent because of below market rents offered by these projects. However, a vacancy in a smaller development will have a greater impact on operating revenues than in a larger development.

Summaries of the net operating income generated under alternative household income scenarios are included in Attachment A.

### **2. Financing Costs**

Financing costs vary according to the amount of equity invested, the term of the loan, the annual interest, and, in the case of ownership projects, mortgage insurance rates. For purposes of this gap analysis, the amount of the first mortgage for the rental prototype is assumed to be the amortized debt that may be supported by tenant net affordable rents. The balance of project financing is assumed to be from a capital subsidy.

With all prototypes, we assume a conventional construction loan during construction. The maximum supportable construction loan is calculated based on a loan-to-value ratio of 75 percent. Value is calculated as capitalized net operating income (assuming a 9.0 percent capitalization or "cap" rate) based on standard underwriting criteria from conventional mortgage lenders. DRA has assumed an 8.5 percent construction interest rate and a 1.0 percent construction loan fee.

With the rental prototype, the first mortgage is assumed to be a 30-year loan with a fixed, annual interest rate of 8.0 percent, amortized monthly. The supportable loan amount is calculated assuming a 1.15 to 1.0 debt coverage ratio of net operating income. In some cases, a debt coverage ratio of 1.10 to 1.0 can be secured from some lenders, but may not generate sufficient cash flow in time, if rental operating costs increase faster than incomes and rents. DRA has assumed a 1.0 percent permanent loan fee.

With the owner prototypes, DRA assumed homebuyer mortgages based on an effective interest rate of 8.0 percent (combined loan interest and mortgage insurance).

Assumptions for permanent and construction financing for all prototypes are included in Attachment A.

## **G. Findings**

**Table 6** summarizes the construction and permanent financing sources for the rental prototype under each household income scenario. During the construction period, sources include the maximum supportable conventional construction loan; costs which are deferred during construction (the operating reserve and operating deficit guarantee fee, if any, plus 80 percent of the developer fee); and, the required "gap" construction loan.

Permanent sources for the rental prototype includes the maximum term loan supportable by net operating income at the financing assumptions discussed above and the resulting permanent "gap" loan that would need to be filled.

**Table 7** summarizes the construction and permanent financing sources for each of the owner prototypes. During the construction period, sources include the maximum supportable conventional construction loan and the required "gap" construction loan. DRA assumed that payment of 80 percent of the developer fee is deferred until the completion of construction. In addition, sales commissions are not earned until after construction completion.

Permanent sources for the owner prototypes include the maximum affordable mortgage, the downpayment amount, and the resulting permanent "gap" loan that would be required.



**Table 6  
Sources and Uses  
Family Rental Prototype  
Oakland Affordability Gap Analysis**

	<b>Very Low Income</b>	<b>Low Income</b>
<b>Income Limit (% AMI)</b>	<b>50%</b>	<b>80%</b>
<b>Afford. Hsg. Cost (%AMI)</b>	<b>45%</b>	<b>60%</b>
<b>Number of Units</b>	<b>30</b>	<b>30</b>
<b>SOURCES OF FUNDS</b>		
<b>CONSTRUCTION</b>		
Construction Loan	\$1,096,100	\$1,850,525
Construction Gap Loan	\$3,519,316	\$3,022,895
Deferred During Construction	\$581,066	\$581,066
<b>TOTAL SOURCES</b>	<b>\$5,196,482</b>	<b>\$5,454,486</b>
<b>PERMANENT</b>		
Conventional Loan	\$1,298,963	\$2,193,006
Permanent Gap Loan	\$3,897,519	\$3,080,079
<b>TOTAL SOURCES</b>	<b>\$5,196,482</b>	<b>\$5,273,085</b>
<b>USES OF FUNDS</b>		
<b>CONSTRUCTION AND SOFT COSTS</b>	<b>\$5,196,482</b>	<b>\$5,273,085</b>
<b>AFFORDABILITY GAP PER UNIT (PERMANENT SOURCES)</b>	<b>\$129,917</b>	<b>\$102,669</b>

**Table 7  
Sources and Uses  
Owner Housing Prototypes  
Moderate Income Households  
Oakland Affordability Gap Analysis**

	<u>Owner Flats</u>	<u>Owner SFD</u>
<b>Income Limit (% AMI)</b>	<b>120% AMI</b>	<b>120% AMI</b>
<b>Afford. Hsg. Cost (%AMI)</b>	<b>100% AMI</b>	<b>100% AMI</b>
<b>NUMBER OF UNITS</b>	202	71
<b>SOURCES OF FUNDS</b>		
<b>CONSTRUCTION</b>		
Construction Loan	\$31,287,037	\$14,615,201
Construction Gap Loan	\$8,989,659	\$4,209,369
Deferred During Construction	\$1,440,000	\$662,365
<b>TOTAL SOURCES</b>	<b>\$41,716,695</b>	<b>\$19,486,935</b>
<b>PERMANENT</b>		
Homeowner Mortgages	\$30,891,235	\$12,764,895
Homeowner Downpayment @ 3%	\$1,251,501	\$584,608
Permanent Gap Loan	\$9,573,959	\$6,137,432
<b>TOTAL SOURCES</b>	<b>\$41,716,695</b>	<b>\$19,486,935</b>
<b>USES OF FUNDS</b>		
<b>CONSTRUCTION AND SOFT COSTS</b>	<b>\$41,716,695</b>	<b>\$19,486,935</b>
<b>AFFORDABILITY GAP PER UNIT (PERMANENT SOURCES)</b>	<b>\$47,396</b>	<b>\$86,443</b>

Source: David Paul Rosen & Associates.

**Table A-1**  
**ESTIMATED PROTOTYPE DEVELOPMENT COSTS**  
**FAMILY RENTAL HOUSING PROTOTYPE**  
**OAKLAND AFFORDABILITY GAP ANALYSIS**

	<u>Very Low Income</u>	<u>Low Income</u>
Total Net Square Feet	24,667	24,667
Ratio Net/Gross SF	88%	88%
Total Gross Square Feet Building Area	28,083	28,083
LAND ACQUISITION	\$390,000	\$390,000
SITE IMPROVEMENTS	\$205,500	\$205,500
UNIT CONSTRUCTION HARD COSTS/CONTRACTOR FEES	\$2,738,560	\$2,738,560
PARKING CONSTRUCTION	\$188,150	\$188,150
ARCH./ENG./CONSTR. SUPERVISION	\$204,870	\$204,870
LOCAL PERMITS AND FEES	\$368,735	\$368,735
ALTA SURVEY	\$3,000	\$3,000
ENVIRONMENTAL PHASE I AND II	\$7,500	\$7,500
SOILS TESTING	\$10,000	\$10,000
CONSTRUCTION LOAN FEES	\$10,961	\$18,505
PERMANENT LOAN FEES	\$12,990	\$21,930
CONSTRUCTION/LEASE-UP INTEREST	\$87,345	\$147,464
PROPERTY INSURANCE	\$19,838	\$19,838
PROPERTY TAXES DURING CONSTR.	\$4,875	\$4,875
CONSTR. LOAN TITLE AND CLOSING	\$15,000	\$15,000
APPRAISAL FEES	\$10,000	\$10,000
REAL ESTATE LEGAL	\$30,000	\$30,000
DEVELOPMENT/BOND/FINANCIAL ADV.	\$25,000	\$25,000
MARKETING/LEASE-UP/START-UP	\$50,000	\$50,000
FURNITURE/EQUIPMENT	\$50,000	\$50,000
SOFT COST CONTINGENCY	\$11,261	\$11,261
OPERATING RESERVE	\$27,750	\$27,750
DEVELOPMENT/ADMIN. FEE	\$519,648	\$519,648
	80% Deferred	
TOTAL PROJECT COSTS	\$5,196,482	\$5,273,085
COST PER UNIT	\$173,216	\$175,770

Source: David Paul Rosen & Associates

**Table A-2  
FINANCING ASSUMPTIONS AND CALCULATIONS  
RENTAL PROTOTYPES  
OAKLAND AFFORDABILITY GAP ANALYSIS**

	Very Low Income	Low Income
<b>DEVELOPMENT COST ASSUMPTIONS</b>		
Land Acquisition Cost Per SF	\$13.57	\$13.57
Land Acquisition Cost Per Unit	\$13,000	\$13,000
Building Acquisition Cost Per Unit	\$0	\$0
Site Improvement Costs per SF Site Area	\$17.07	\$17.07
Off-Site Improvements	incl. in const.	incl. in const.
Hard Construction/Rehabilitation Costs per SF	\$97.52	\$97.52
Parking Hard Costs	\$50.00	\$50.00
Architectural/Engineering (Percent of Hard Costs)	7.00%	7.00%
Local Permits and Fees (Per Unit)	\$12,291	\$12,291
Property Insurance During Construction (Percent of Hard Costs)	0.72%	0.72%
Soft Cost Contingency	5.00%	5.00%
Operating Reserves (Months Operating Budget)	3 Mos.	3 Mos.
Development Fee (% of Total Development Costs)	10.00%	10.00%
<b>FAIR MARKET VALUE CALCULATION</b>		
Net Operating Income; Restr. Rents	\$131,532	\$222,063
Capitalization Value @ Cap Rate of:	9.00% \$1,461,467	\$2,467,367
<b>MAXIMUM CONSTRUCTION LOAN CALCULATION</b>		
Capitalized Value at Restricted Rents	\$1,461,467	\$2,467,367
Maximum Construction Loan @ LTV of	75% \$1,096,100	\$1,850,525
<b>CONSTRUCTION LOAN</b>		
Construction Loan Amount	\$1,096,100	\$1,850,525
Interest Rate	8.50%	8.50%
Loan Fees	1.00% \$10,961	\$18,505
Average Loan Balance	75.00%	75.00%
Construction Period	12 Months	12 Months
Lease-Up Period	3 Months	3 Months
Total Construction Loan Term	15 Months	15 Months
Construction Loan Interest	\$87,345	\$147,464
<b>PERMANENT LOAN</b>		
Net Operating Income	\$131,532	\$222,063
Debt Coverage Ratio	1.15	1.15
Debt Service	\$114,376	\$193,098
Mortgage Term	30 years	30 years
Interest Rate	8.00%	8.00%
Maximum Permanent Loan Amount Based on DCR	\$1,298,963	\$2,193,006
Loan Fees	1.00% \$12,990	\$21,930
Maximum Loan to Value (% of FMV @ Restr. Rents)	100%	100%
Maximum Loan Amount Based on LTV Test	\$1,461,467	\$2,467,367
Permanent Loan Amount (Min. DCR or LTV)	\$1,298,963	\$2,193,006
Permanent Loan Debt Service	\$114,376	\$193,098

**Table A-3  
FAMILY RENTAL DEVELOPMENT  
RENTAL INCOME AND OPERATING COSTS  
VERY LOW INCOME  
OAKLAND AFFORDABILITY GAP ANALYSIS**

**ASSUMPTIONS**

2001 Median Household Income, Oakland PMSA, Four Person Household	\$71,600
Affordable Housing Cost As a % of Income	30%
Total Units	30

No. of Bedrooms	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Household Size (Health and Safety)	2 Persons	3 Persons	4 Persons	5 Persons
Household Size Income Adjust. Fa	80%	90%	100%	108%
Utility Allowance	\$44	\$55	\$67	\$80
No. of Units	7	10	10	2

**AFFORDABLE RENTS BY INCOME LEVEL**

45% of Median	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Annual Gross Income	\$25,776	\$28,998	\$32,220	\$34,798
Affordable Monthly Housing Cost	\$644	\$725	\$806	\$870
Less: Monthly Utility Allowance	(\$44)	(\$55)	(\$67)	(\$80)
Affordable Monthly Rent	\$600	\$670	\$739	\$790

**NET OPERATING INCOME**

Affordability Level/No. of Bedrooms	Units	Rent	Monthly Gross Income	
45% of Median	1 Bedroom	7	\$600	\$4,200
	2 Bedroom	10	\$670	\$6,700
	3 Bedroom	10	\$739	\$7,390
	4 Bedroom	2	\$790	\$1,580
TOTAL Managers	29			\$19,870

GROSS RENTAL INCOME		\$238,440
Less: Vacancies	5%	\$11,922
Miscel. Income	\$100 Per Unit/Yr.	\$3,000
GROSS ANNUAL INCOME		\$253,362
LESS: OPERATING EXPENSES	\$3,700 Per Unit/Yr.	\$111,000
Less: Operating Reserves	3% of Oper. Budget	\$3,330
Less: Replacement Reserves	\$250 Per Unit/Yr.	\$7,500
NET OPERATING INCOME		\$131,532

**Table A-4  
FAMILY RENTAL DEVELOPMENT  
RENTAL INCOME AND OPERATING COSTS  
LOW INCOME  
OAKLAND AFFORDABILITY GAP ANALYSIS**

**ASSUMPTIONS**

2001 Median Household Income, Oakland PMSA, Four Person Household	\$71,600
Affordable Housing Cost As a % of Income	30%
Total Units	30

No. of Bedrooms	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Household Size (BR+1)	2 Persons	3 Persons	4 Persons	5 Persons
Household Size Income Adjust. Fa	80%	90%	100%	108%
Utility Allowance	\$44	\$55	\$67	\$80
No. of Units	7	10	10	2

**AFFORDABLE RENTS BY INCOME LEVEL**

60% of Median	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Annual Gross Income	\$34,368	\$38,664	\$42,960	\$46,397
Affordable Monthly Housing Cost	\$859	\$967	\$1,074	\$1,160
Less: Monthly Utility Allowance	(\$44)	(\$55)	(\$67)	(\$80)
Affordable Monthly Rent	\$815	\$912	\$1,007	\$1,080

**NET OPERATING INCOME**

Affordability Level/No. of Bedrooms	Units	Rent	Monthly Gross Income
60% of Median	1 Bedroom	7	\$5,705
	2 Bedroom	10	\$9,120
	3 Bedroom	10	\$10,070
	4 Bedroom	2	\$2,160
TOTAL	29		\$27,055
Managers	1		

GROSS RENTAL INCOME		\$324,660
Less: Vacancies	5%	\$16,233
Miscel. Income	\$100 Per Unit/Yr.	\$3,000
GROSS ANNUAL INCOME		\$343,893
LESS: OPERATING EXPENSES	\$3,700 Per Unit/Yr.	\$111,000
Less: Operating Reserves	3% of Oper. Budget	\$3,330
Less: Replacement Reserves	\$250 Per Unit/Yr.	\$7,500
NET OPERATING INCOME		\$222,063

**Table A-5**  
**ESTIMATED PROTOTYPE DEVELOPMENT COSTS**  
**OWNER HOUSING PROTOTYPES**  
**OAKLAND AFFORDABILITY GAP ANALYSIS**

	Owner Condos	Owner SFD
Acres	1.38	4.59
No. of Units	202	71
Total Net Square Feet	197,347	97,526
Ratio Net/Gross SF	82%	100%
Total Gross Square Feet Building Area	242,113	97,526
LAND AND BUILDING ACQUISITION	\$4,000,000	\$5,000,000
OFF-SITE IMPROVEMENTS	\$350,000	incl. in const.
CONSTRUCTION HARD COSTS/CONTRACTOR FEES	\$20,925,382	\$10,488,594
PARKING CONSTRUCTION COSTS	\$3,554,350	incl. in const.
ARCH./ENG./CONSTR. SUPERVISION	\$1,770,977	\$568,731
LOCAL PERMITS AND FEES	\$880,847	\$600,581
RESERVES	\$0	\$122,000
ENVIRONMENTAL PHASE I AND II	\$0	\$31,511
FURNISHINGS	\$80,000	\$0
CONSTRUCTION LOAN FEES	\$607,896	\$65,926
ACQ/CONSTRUCTION/SALE PERIOD INTEREST	\$2,960,797	\$1,180,178
PROPERTY TAXES AND INSURANCE	\$257,483	\$220,274
TITLE AND CLOSING	\$1,102,492	\$80,767
APPRAISAL FEES	\$0	\$7,710
REAL ESTATE LEGAL/ACCOUNTING	\$144,000	\$102,635
EQUITY BROKER FEE	\$360,938	\$0
AD/MARKETING/SALES COMMISSIONS	\$1,823,493	\$254,564
MISCELLANEOUS	\$50,000	\$33,008
SOFT COST CONTINGENCY	\$406,083	\$0
CONSULTANTS	\$291,958	\$0
DEVELOPMENT/ADMIN. FEE	80% Deferred \$1,800,000	\$730,456
<b>TOTAL PROJECT COST</b>	<b>\$41,716,695</b>	<b>\$19,486,935</b>
<b>PER UNIT</b>	<b>\$206,518</b>	<b>\$274,464</b>
<b>PER SF</b>	<b>\$215.48</b>	<b>\$199.81</b>

Source: David Paul Rosen & Associates

**Table A-6  
OAKLAND AFFORDABILITY GAP ANALYSIS  
FINANCING ASSUMPTIONS  
OWNER HOUSING**

	<u>Owner Condos</u>	<u>Owner SFD</u>
<b>DEVELOPMENT COST ASSUMPTIONS</b>		
Property Acquisition Cost Per SF	\$66.67	\$25.00
Property Acquisition Cost Per Unit	\$19,802	\$70,400
Site Improvement Costs per SF Site Area	incl. in const.	incl. in const.
Off-Site Improvements	\$350,000	incl. in const.
Hard Construction/Rehabilitation Costs per SF	\$106.03	\$107.55
Hard Construction/Rehabilitation Costs per Unit	\$121,187	\$147,727
Hard Construction Per SF - Parking	\$50	Include.
Architectural/Engineering (Percent of Hard Costs)	7%	5%
Local Permits and Fees Per Unit	\$4,361	\$8,459
Property Taxes/Insurance During Construction (Percent of Hard Costs)	1.13%	2.10%
Development Fee (% of Total Development Costs Less Land)	4.77%	3.75%
<b>CONSTRUCTION LOAN</b>		
Constr. Loan Amt. 75% Total Dev. Cost	\$31,287,037	\$14,615,201
Interest Rate	8.50%	8.50%
Loan Points	1.00%	1.00%
Average Loan Balance--Construction	70.00%	70.00%
Construction Period	15 Months	12.0 Months
Sale Period	3 Months	3 Months
Total Construction Loan Term	18 Months	15.0 Months
Construction Loan Interest--Construction	\$2,295,947	\$869,604
Construction Loan Interest--Sale Period	\$664,850	\$310,573
Total Construction Loan Interest	\$2,960,797	\$1,180,178
Construction Loan Points	\$312,870	\$146,152
<b>HOMEBUYER PERMANENT MORTGAGES</b>		
Interest Rate	7.50%	7.50%
Prop Mortgage Insur. Rate Premium	0.50%	0.50%
Term (Years)	30	30

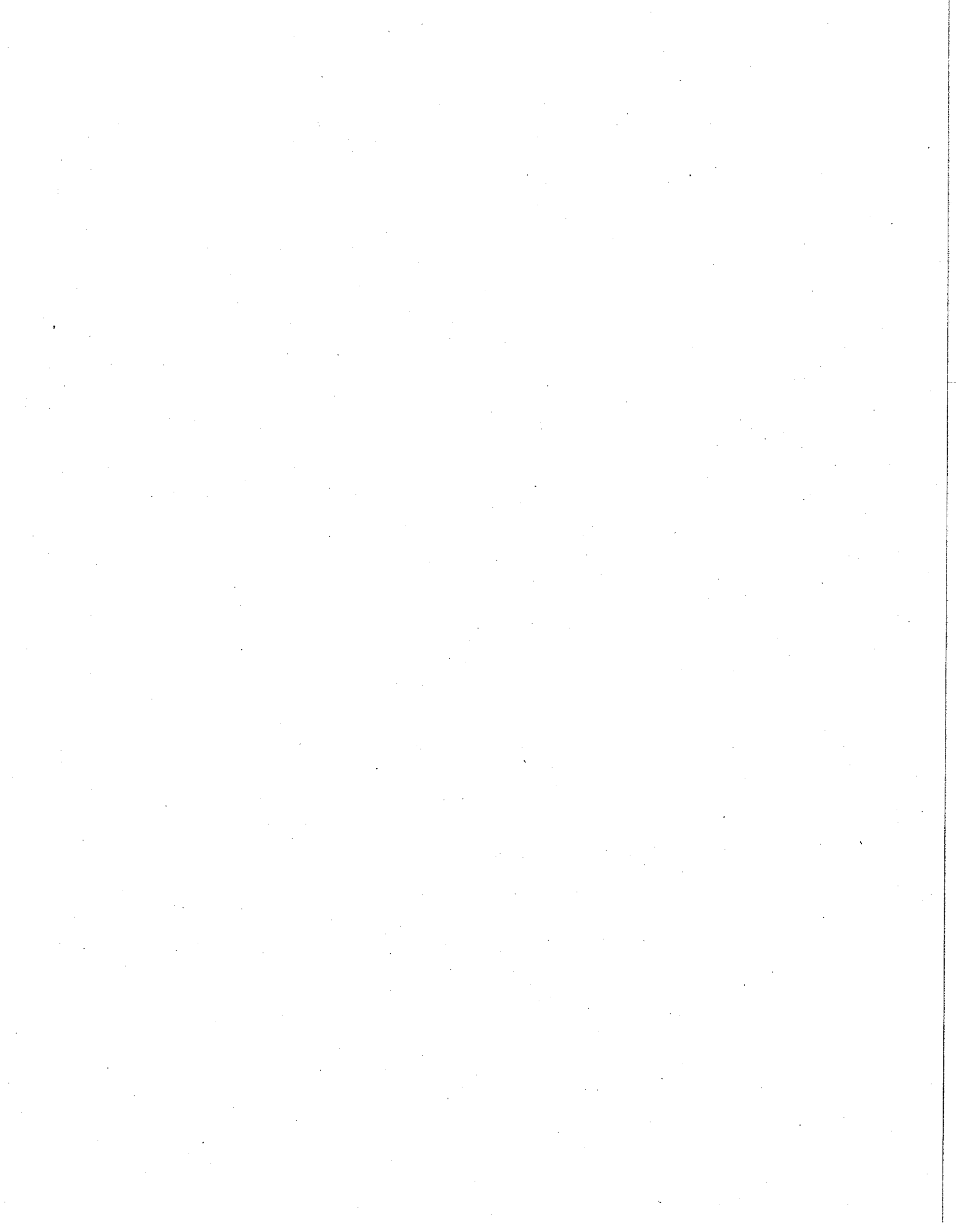


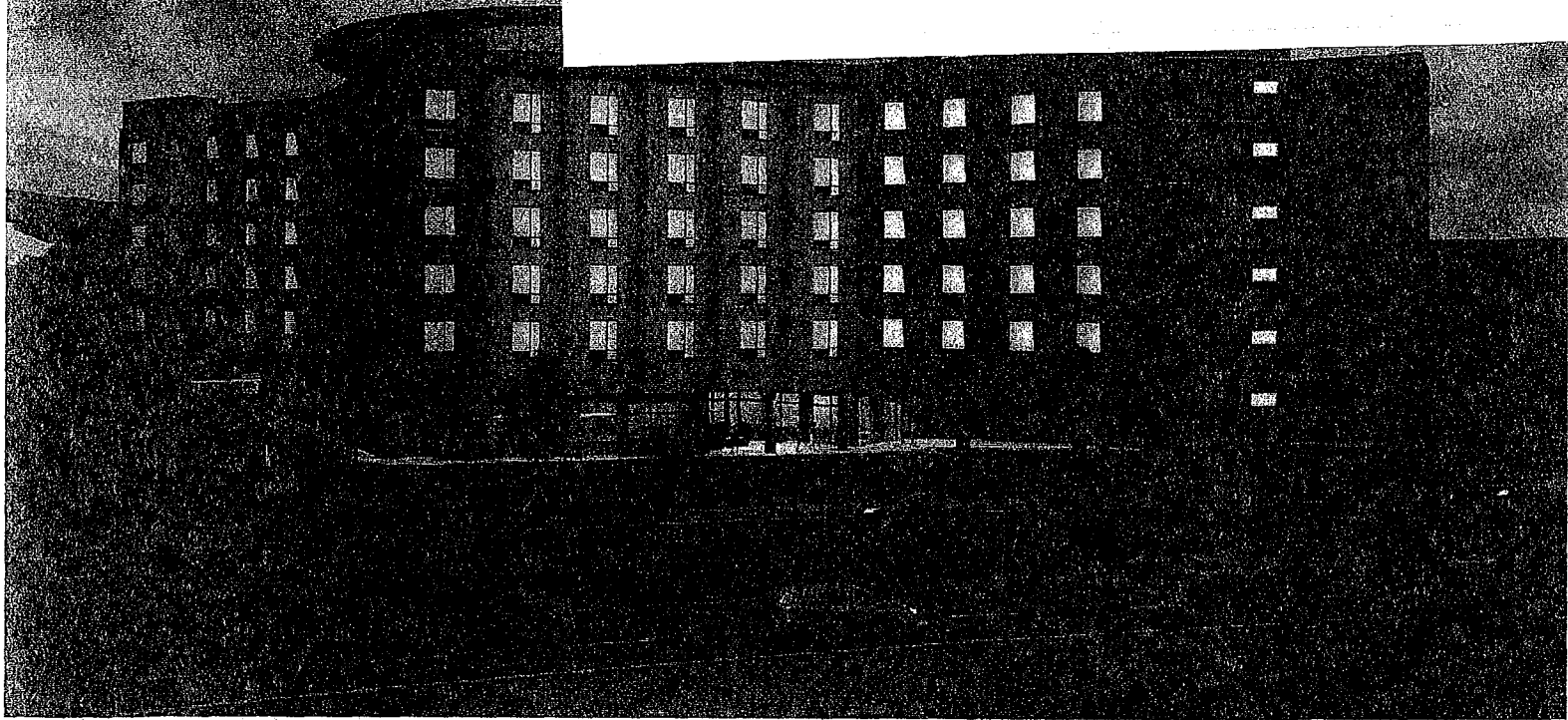
**Table A-7  
 MAXIMUM AFFORDABLE MORTGAGE  
 HOUSEHOLDS EARNING 120% AMI  
 OAKLAND AFFORDABILITY GAP ANALYSIS  
 OWNER FLATS**

Unit Size (Bedroom Count)	Lofts		
	1 Bedrooms	1 Bedrooms	2 Bedrooms
Current Household Size	2 Persons	2 Persons	3 Persons
2001 Income Limit	\$68,736	\$68,736	\$77,328
% of Income Used to Calculate Afford. Mortg.	100% of AMI	100% of AMI	100% of AMI
% of Income Spent on Housing	30%	30%	30%
Income Used to Calculate Affordable Mortg.	\$57,280	\$57,280	\$64,440
Affordable Monthly Housing Cost	\$1,432	\$1,432	\$1,611
Less: Monthly Utility Allowance	\$107	\$107	\$135
Less: Maintenance Expense	\$50	\$50	\$50
Less: Homeowner Association Fees	\$0	\$0	\$0
Less: Property Taxes 1.25%	\$210	\$181	\$258
Less: Property Insurance	\$50	\$50	\$50
<b>Affordable Mortgage Payment (P&amp;I)</b>	<b>\$1,015</b>	<b>\$1,044</b>	<b>\$1,118</b>
<b>Affordable Mortgage-</b>	<b>\$145,163</b>	<b>\$149,310</b>	<b>\$159,894</b>
Sales Price = Assessed Value	\$201,260	\$173,344	\$247,330

**Table A-8  
 MAXIMUM AFFORDABLE MORTGAGE  
 HOUSEHOLDS EARNING 120% AMI  
 OAKLAND AFFORDABILITY GAP ANALYSIS  
 SINGLE-FAMILY DETACHED PROTOTYPE**

Unit Size (Bedroom Count)	2 Bedrooms	3 Bedrooms	4 Bedrooms
Current Household Size	3 Persons	4 Persons	5 Persons
2001 Income Limit	\$77,328	\$85,920	\$92,794
% of Income Used to Calculate Afford. Mortg.	100% of AMI	100% of AMI	100% of AMI
% of Income Spent on Housing	30%	30%	30%
Income Used to Calculate Affordable Mortg.	\$64,440	\$71,600	\$77,328
Affordable Monthly Housing Cost	\$1,611	\$1,790	\$1,933
Less: Monthly Utility Allowance	\$135	\$170	\$229
Less: Homeowner Association Fees	\$0	\$0	\$0
Less: Maintenance Expense	\$50	\$50	\$50
Less: Property Taxes 1.25%	\$196	\$269	\$329
Less: Property Insurance	\$50	\$50	\$50
<b>Affordable Mortgage Payment (P&amp;I)</b>	<b>\$1,180</b>	<b>\$1,251</b>	<b>\$1,275</b>
<b>Affordable Mortgage</b>	<b>\$168,761</b>	<b>\$178,915</b>	<b>\$182,347</b>
Sales Price = Assessed Value	\$187,824	\$258,558	\$315,704





**WE WANT THE**

**COMMUNITY'S  
INPUT  
ON THE  
HOTEL DESIGN**

Hotel  
**Mandela**

**HOTEL SITE**

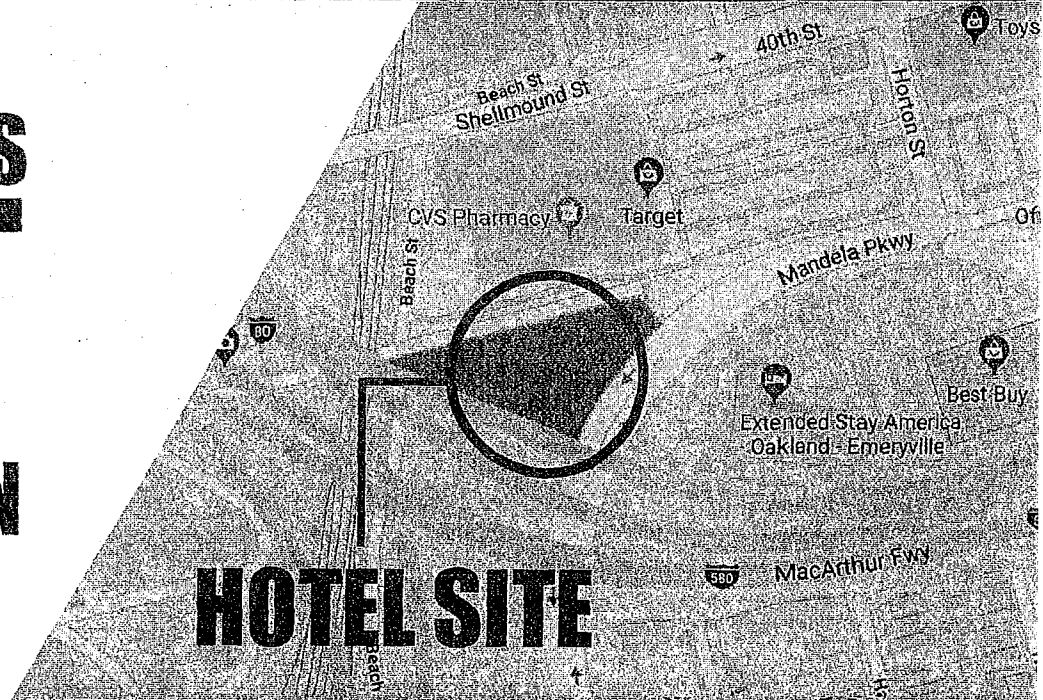
**JAN 31, 2018  
FEB 07, 2018**

**6PM @  
WILLIE KEYES (OPLAR)  
RECREATION CENTER**

**3131 UNION STREET  
OAKLAND, CA 94608**

FOR MORE INFORMATION CONTACT  
ARCHITECTURAL DIMENSIONS AT **510.463.8300**  
300 FRANK H. OGAWA PLAZA, SUITE 375, OAKLAND, CA

**ARCHITECTURAL  
DIMENSIONS**



# Mandela Parkway Hotel Community Meeting

ARCHITECTURAL  
DIMENSIONS

January 31, 2018 / 6 p.m.  
Willie Keyes Recreation Center  
3131 Union Street, Oakland

No	Name	Company	Email Address	Address	Phone No.	Initials
1	Kevin Chambers	West Side MDR	Kenchambers7@yahoo.com	510-239-6969		
2	Rev. Terry de Graaf Morris	BAD CRIPPS NCCU-UCJEW Chair	parallaxis.tdg@gmail.com			
3	VIRIAN BOUZIE	OAKLAND Institute of AUTOMOTIVE TECH	VIRIANBOUZIE568@GMAIL.COM	5055 SAN PABLO AVE PINEVILLE CA 94654	510-926-9515	VB
4	ART MAI		Amate.K@stoner.com	844 North Hill Rd. Oakland	94610	
5	Debra Avery	Oakland Justice Coalition Justice House	d.r.avery@mac.com	477 44th St. 94609	<del>94609</del>	DA
6	JERVON GRAVES	Bay Area Black Worker Center	JERVON.GRAVES@BAWIL.COM	520 E 24th St Oakland, CA	913-749-9831	JG
7	Mr. Charles T. Reed	BA BWC	ctyronereed@gmail.com	9924 Seneca St Oakland	510-503-3523	C.R.
8	Jacob Shilling	Starline Supply	Jacob@StarlineSupply.com	2461 Paralta Oakland 94607	510-593-7572	JS
9	Justin King	babwc	justin@bayareablackworkers.org	10820 Cowley Ave Oakland, CA	757-675-0260	JK

# Mandela Parkway Hotel Community Meeting

ARCHITECTURAL  
DIMENSIONS

January 31, 2018 / 6 p.m.  
Willie Keyes Recreation Center  
3131 Union Street, Oakland

10	Sandy Walker	Union St studios	sandywalker@ skghood.net	2822A Union St	4447215	
11	Toni Zedd	32nd St.	1TONIRZ@gmail.com			
12	S. P. P. P. P.	ELEVATOR WORKS	SAL ELEVATOR WORKS	<del>ST. BEND</del> 2471 PERALTA		
13	Roy Preena	ORCA/dnko	rpreena@dnko.com	2471 Peralta.		
14	RAY KIDD	LUN	KIDD@ART.NET	LOUISE ST		
15	GREGORY TUNG	WEST END COMMONS HVA	eatlingerst@gmail.com	Falling Lane		
16						
17						
18						

# Mandela Parkway Hotel Community Meeting



February 7, 2018 / 6 p.m.  
Willie Keyes Recreation Center  
3131 Union Street, Oakland

No.	Name	Company	Email Address	Address	Phone No.	Initials
1	Mary Stewart			3131 Mandela		
2	Bruce Bledsoe			322 Lewis St. 94601		
3	Solomon B	unite these		1146 78 av OAKLAND 94621	510 705 3931	SB
4	Blanca Smith	Hero		1581 164th Ave 94578 San Leandro CA	510 938 7998	
5	Beeziz Franco	2850		6441 Sunnyvale Ave	50-3831035	BF
6	JERVON GRAVES	Bay Area Black Workers Center		500 E 8th St Oakland, CA	913-749- 9831	JG
7	Sagbir Lockett	BARWC		715 PERALTA ST. OAK. CA. 94607	510-987- 4987	SL
8						
9						

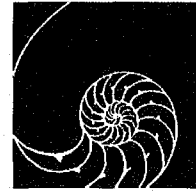
# Mandela Parkway Hotel Community Meeting

ARCHITECTURAL  
DIMENSIONS

February 7, 2018 / 6 p.m.  
Willie Keyes Recreation Center  
3131 Union Street, Oakland

10	Yulisa Flores	un.ketone Local 2850	Yulenes@un.ketone.org	1740 Suite 208 Broadway	510 289-1611	YF
11	RENE B.	SELF	RBRDP@AOL.COM			
12						
13						
14						
15						
16						
17						
18						



**MEMORANDUM**

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**Date:** March 20, 2018  
**To:** Mike Rivera, Project Case Planner  
**From:** Sharon Wright, Environmental Planner  
**Subject:** Mandela Parkway Hotel Project - Response to UNITE HERE Local 2850 letter, dated March 12, 2018

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Lamphier-Gregory has prepared the following memo in response to the above referenced comment letter (with attachments) from UNITE HERE Local 2850.

The UNITE HERE Local 2850 letter raises specific questions about the toxicity of the Mandela Parkway Hotel project site, suggesting that “for the sake of the neighborhood, and future hotel workers and guests... require further study and mitigation of toxic contamination at the site.” It is important to note that the Mandela Parkway Hotel project will be subject to, and required to follow all applicable laws and regulations, the related site analysis and any necessary remediation activities, as well as all applicable laws and regulations related to the transportation, use, and storage of all hazardous materials, to safeguard workers and the public. These requirements are found in the City of Oakland’s Standard Conditions of Approval (SCAs), including SCA #39: Hazardous Materials Related to Construction, SCA #41: Hazardous Materials Business Plan, and SCA #40: Hazardous Building Materials and Site Contamination. Specifically, SCA #40 requires preparation of a Hazardous Building Materials Assessment; an Environmental Site Assessment, including a Phase I Environmental Site Assessment and a subsequent Phase II Assessment (if determined necessary by the Phase I); a Health and Safety Plan; and implementation of Best Management Practices during construction to minimize potential soil and groundwater hazards. Any remediation measures recommended in the Phase I or Phase II study shall be implemented by the project applicant, with evidence of approval for any proposed remediation activities and required clearances prior to issuance of a grading or building permit for the project. These SCAs were fully identified as being applicable to the project in the City’s CEQA document, and are designed to, and will avoid or substantially reduce the project’s environmental effects related to hazardous materials.

The UNITE HERE letter also raises an argument that the project site is “listed in databases of contaminated sites maintained by the State Water Resources Control Board and the Department of Toxic Substances Control” and therefore is not eligible for exemptions or streamlined review under CEQA. This issue is further discussed below.

Mike Rivera  
March 19, 2018  
Page 2 of 6

### **CEQA Context**

The CEQA Analysis conducted for the Mandela Parkway Hotel project consists of a Class 32 Exemption under CEQA Guidelines §15332, streamlined environmental review under §15183 (Consistency with a Community Plan), a Qualified Infill project pursuant to §15183.3, and an Addendum to the West Oakland Specific Plan under §15164.

Under the Class 32 Categorical Exemption, §15300.2 provides exceptions to otherwise applicable exemptions. Specifically, Criterion §15300.2(e) precludes Class 32 exemptions for projects that are located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code (i.e., the Cortese List). To qualify for streamlined environmental review under §15183.3, a project must meet all eligibility requirements, including the performance standards in CEQA Guidelines Appendix M. Specifically, these performance standards require a project to document remediation (if completed) if the project site is included on the Cortese List, or to "implement the recommendations provided in a preliminary endangerment assessment or comparable document that identifies remediation appropriate for the site."

The UNITE HERE letter calls into question the Project's eligibility for an exemption under §15332 and streamlined environmental review under §15183.3. Attachments to the UNITE HERE letter provide information which suggests the Mandela Parkway Hotel project is located on a site listed on the Cortese List, and these exemptions and streamlining provisions of CEQA should not apply. The following discussion addresses applicability of these exemptions and requirements.

### **Oakland Terminal Railway Site**

The Oakland Terminal Railway (OTR) site encompassed approximately 14 acres in West Oakland near the Emeryville border, as shown on Parcel Map No. 2045 (August 1976) as provided by UNITE HERE. The western portion of this site includes the subject parcel, now owned by the California Department of Transportation (Caltrans), and is shown in Parcel Map No. 7572 (October 2000), also provided by UNITE HERE.

For approximately 10 years, beginning in 1990, Levine Fricke Recon conducted soil and groundwater investigations on the entire OTR site on behalf of the Oakland Terminal Railway. These investigations identified certain "hot spots" on the site (**Attachment 1**; c.f. Levine Fricke Recon Figures 3 through 6 provided by UNITE HERE) associated with the locations of former aboveground and underground storage tanks. A risk assessment was developed to determine appropriate remedial cleanup levels for the site; the hot spots were excavated and contaminated soils were disposed off-site in a Class II non-hazardous landfill pursuant to a "Workplan for Soil Excavation and Groundwater Monitoring," as approved by the RWQCB in June 2000; and four monitoring wells were installed and sampled through December 2001. Based upon the available information—including the commercial and industrial land use that had since developed at portions of the site—and the expectation that such use would not change in the foreseeable future, no further action related to the pollutant release at the subject site was required, as indicated in the RWQCB letter of February 8, 2002 to Oakland Terminal Railway. Although the required excavations and well monitoring activities occurred on properties that were ultimately conveyed to other third parties, Oakland Terminal Railway was identified as the responsible party for the entire site, and the "No Further Action" letter to Oakland Terminal Railway applied to the entire OTR site.

Contrary to UNITE HERE's suggestion, the proposed Mandela Hotel site was not "lost in the shuffle." The reason there is no administrative record or files maintained by the RWQCB or the Alameda County

Mike Rivera  
March 19, 2018  
Page 3 of 6

Department of Environmental Health about cleanup efforts performed on the Mandela Hotel site is because no cleanup efforts were required on this portion of the OTR property pursuant to the Workplan for Soil Excavation and Groundwater Monitoring as approved by the RWQCB.

The City of Oakland's practice considers a closed case (cases that have received a Case Closure letter or a No Further Action letter) as no longer being on the Cortese List. Following this practice, the Mandela Parkway Hotel project site's location at the former OTR site is no longer included on the Cortese list. Thus, no exception to the CEQA exemption under §15300.2(e) applies pertaining to the OTR site, and the Class 32 Infill Exemption remains valid.

### **Seismic Retrofit of San Francisco Oakland Bay Bridge Distribution Structure**

The Caltrans Seismic Retrofit of San Francisco Oakland Bay Bridge Distribution Structure project is currently identified as "Inactive - Needs Evaluation" (or an open case) as of 2010. There were two elements of work associated with the Caltrans Seismic Retrofit project: 1) the actual seismic retrofit efforts and 2) relocation of the East Bay Municipal Utility District's (EBMUD) Adeline Interceptor main sewer line. Each of these efforts are discussed below.

The seismic retrofit work conducted for the Bay Bridge Distribution Structure involved strengthening the I-580 viaduct where it crosses over Mandela Parkway. This project involved 17 distribution structure footings located within the I-580 right-of-way adjacent to, but not on the proposed Mandela Parkway Hotel project site. Soil from around the footings was removed so that additional piles could be driven to enlarge and strengthen the footings. Soil generated by this activity included the original structure backfill material, and contaminated levels of fill. The proposed Mandela Parkway Hotel Project site was only tangentially involved in the Seismic Retrofit project, in that the hotel project site was identified as a contractor staging and vehicle staging area (**Attachment 2**), and because Caltrans proposed that the hotel project site (known then as Area 2d, or Caltrans Parcel No. 56359-01-01) be used for the placement of alluvial material, if clean, from the Seismic Retrofit project. Use of the hotel project site for contractor staging, or for the placement of clean fill materials (if that activity did occur), would not have placed the hotel site itself on a listed database of contaminated sites.

The second portion of work associated with the Seismic Retrofit Project involved relocating approximately 560 linear feet of the Adeline Interceptor main sewer line, of which approximately 60 feet crossed the westerly corner of the hotel project site. Soil and groundwater sampling conducted at 8 different test pit locations for the Adeline Interceptor relocation work identified contamination related to total lead, soluble lead concentrations, total petroleum hydrocarbons in motor oil, and total petroleum hydrocarbons in gasoline and diesel. However, at the 2 test pits located on the proposed hotel site, contamination levels were not reported as exceeding applicable threshold levels for contamination (Adeline Interceptor Relocation - EBMUD SD #267 Soil and Groundwater Sampling and Analysis Report, JMB Construction, Inc., July 2005). Based on this data, it appears that contaminated soils and groundwater related to the Adeline Interceptor Relocation project were found and listed in the DTSC database of contaminated sites (i.e., the Cortese List). However, soils from the proposed hotel project site were not among those soils identified as being contaminated beyond applicable threshold levels.

The public record documenting the ultimate disposal or reuse of contaminated soils from the Seismic Retrofit Project and the Adeline Interceptor Relocation project is not conclusive. A July 2005 letter from JMB Construction, Inc. to EBMUD includes recommendations for characterizing and profiling excavated soil from the Adeline Interceptor Relocation project for off-site disposal. A subsequent August 2006 letter

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from Caltrans to DTSC indicates that Caltrans believed that all of the contaminated material could be safely reused on or near the site instead of being disposed offsite, provided that an appropriate cap is placed over the soil. DTSC's response to Caltrans in September 2006 indicated that DTSC might approve on-site reuse and capping of the contaminated soil, provided that Caltrans enter into a land use covenant which restricts the use of the property, and that an Operation and Maintenance Plan for inspection, maintenance, and repair of the cap be prepared and implemented under DTSC oversight and approval. The September 2006 letter concluded with the request to "Please inform DTSC if Caltrans intends to reuse the contaminated soil onsite and proceed with submittal of the cap design. Otherwise, proceed with its disposal at a permitted, off-site disposal facility."

Beyond this 2006 letter from DTSC, there is no readily accessible information regarding the specific actions that Caltrans may have taken to address the contaminated soil—whether they disposed of the contaminated soils off-site or capped the contaminated soil on-site within the I-580 right-of-way, and/or whether any clean fill materials were placed on the hotel project site. It is possible that during the 1 1/2 years since the final public record on this project, resolution of the Seismic Retrofit Project has occurred and the case is now closed. However, absent such public record, the case appears to remain listed as "Inactive - Needs Evaluation." Although a portion of the proposed Mandela Parkway Hotel site is included within a portion of the Adeline Interceptor Relocation project, it does not appear that soils from the hotel project site contributed to the Adeline Interceptor Relocation project/Seismic Retrofit project's listing on the Cortese list.

### **West Oakland Specific Plan**

The UNITE HERE letter also notes that the Caltrans Seismic Retrofit project case was not specifically identified or analyzed in the West Oakland Specific Plan EIR. As shown in the comprehensive EDR Radius Map Report for the Mandela/West Grand Opportunity Area (**Attachment 3**), neither the Seismic Retrofit project nor the Mandela Parkway Hotel project site were identified as an Open Case in the search of available environmental records conducted by Environmental Data Resources, Inc. (EDR) in October of 2011. That EDR Report was designed to assist parties seeking to meet the search requirements of EPA's Standards and Practices for All Appropriate Inquiries (40 CFR Part 312) and the ASTM Standard Practice for Environmental Site Assessments (E 1527-05). However, as noted in the West Oakland Specific Plan EIR (page 4.5-5), "The status of each case changes with time, and new cases are periodically added to the databases. There are also cases of suspected or identified contamination at sites that are not yet entered into regulatory agency lists."

The West Oakland Specific Plan EIR also indicates (on page 4.5-42) that,

[t]he Planning Area, including the Opportunity Sites previously described and shown in Table 4.5-2, contain numerous sites which are included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 (i.e., the Cortese list). The Cortese list identifies public drinking water wells with detectable levels of contamination, hazardous substance sites selected for remedial action, sites with known toxic material identified through the abandoned site assessment program, sites with USTs having a reportable release, and all solid waste disposal facilities from which there is known migration. Additional properties within the Planning Area may be placed in environmental agency databases in the future due to the discovery of as yet unknown previous releases or new releases of hazardous substances. Continued use or future

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development of these hazardous materials release sites in accordance with the Specific Plan could create a significant hazard to the public or the environment.

The West Oakland Specific Plan EIR concludes that, "With required implementation of [City of Oakland] SCAs and required compliance with local, State and federal regulations for treatment, remediation or disposal of contaminated soil or groundwater, the hazard to the public or the environment from hazardous materials sites would be less than significant."

### Conclusion

Based on this detailed review of site conditions at the proposed Mandela Parkway Hotel site, and associated environmental documents, the following conclusions can be reached:

- The former OTR site is no longer included on the Cortese list, and no exception to the Class 32 CEQA exemption applies to the project as a result of the OTR site's previous listing, and the Class 32 Infill Exemption remains valid as to this case.
- The Seismic Retrofit Project appears to remain listed as "Inactive - Needs Evaluation" (i.e., an open case still included on the Cortese list), but it does not appear that soils from the proposed Mandela Parkway Hotel project site contributed to the Adeline Interceptor Relocation project/Seismic Retrofit project's listing on the Cortese list. It is also possible that the Seismic Retrofit Project's status has changed over time (i.e., this case may have been closed), but this changed status may not yet be identified on the DTSC database. In either case, it does not appear that an exception to the Class 32 CEQA exemption applies to the project as a result of the Seismic Retrofit/Adeline Interceptor Relocation project's Cortese listing, and the Class 32 Infill Exemption remains valid as to this case.
- If residual contamination from the OTR site, the Seismic Retrofit Project, or other past uses of the site remain, the Mandela Parkway Hotel project will be required (pursuant to City of Oakland SCAs) to implement recommendations provided in a preliminary endangerment assessment or comparable document that identifies remediation appropriate for the site, and thus qualifies for streamlined environmental review under CEQA Guidelines §15183.3 and Appendix M.
- The Mandela Parkway Hotel project site was included as part of the Mandela/West Grand Opportunity Area of the West Oakland Specific Plan, and development of this site as a hotel is consistent with the Specific Plan, which was fully analyzed in the West Oakland Specific Plan EIR. As such, the Mandela Parkway Hotel project remains qualified for CEQA streamlining pursuant to a project consistent with a Community Plan pursuant to the provisions of CEQA Guidelines §15183.
- The West Oakland Specific Plan EIR fully disclosed that there are cases of suspected or identified contamination at sites that are not yet entered into regulatory agency lists, that additional properties within the Planning Area may be placed in environmental agency databases in the future due to the discovery of as yet unknown previous releases or new releases of hazardous substances, and that future development of these hazardous materials release sites could create a significant hazard to the public or the environment. The West Oakland Specific Plan EIR also concludes that, with required implementation of City of Oakland SCAs and required compliance with local, State and federal regulations for treatment, remediation or disposal of contaminated soil or groundwater, the hazard to the public or the environment from hazardous materials sites would be less than significant.

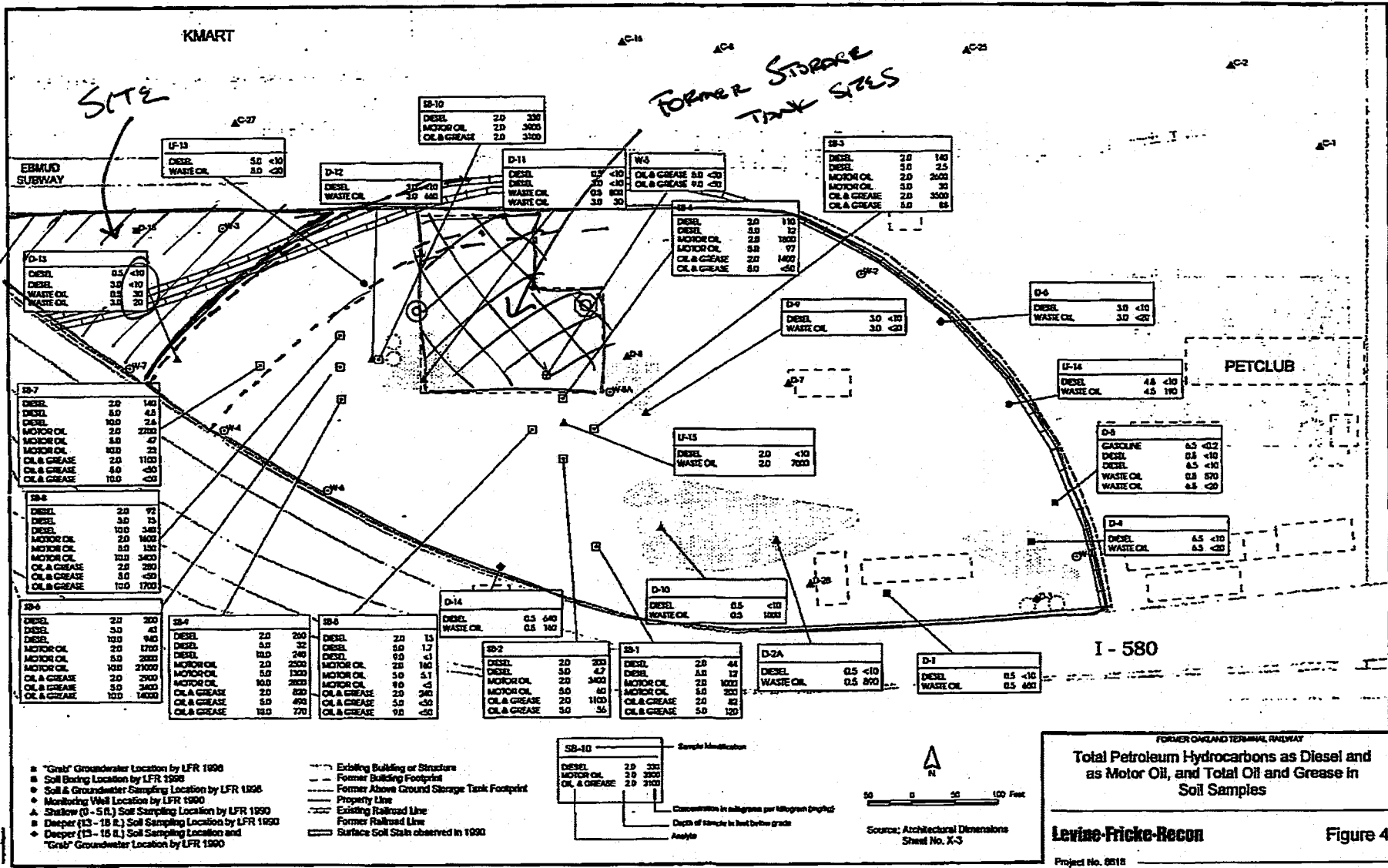
Mike Rivera  
March 19, 2018  
Page 6 of 6

- If the Mandela Parkway Hotel project is ultimately found to contain contaminated soils or groundwater pursuant to a required Phase I or Phase II study, this is not “new information” within the context of CEQA. Hazardous substances have been found to likely be present within West Oakland due to existing or historical land uses. The identification of contaminants related to past uses on infill development sites is not peculiar, as their existence is not different from the usual or normal. Implementation of the City required SCAs would provide for the treatment, remediation or disposal of contaminated soil or groundwater, such that the hazard to the public or the environment from hazardous materials sites would be less than significant. As such, the identification of the Mandela Parkway Hotel project as a development project with potential contamination is fully consistent with the provisions of CEQA Guidelines §15164 as an Addendum to the West Oakland Specific Plan EIR.

**List of Attachments:**

- Attachment 1. Figure 4: Total Petroleum Hydrocarbons as Diesel and Motor Oil, and Total Oil and Grease in Soil Samples. Source: Levine Fricke Recon. Notations by Lamphier-Gregory.
- Attachment 2. Figure 1: Site Location Map. Source: East Bay Municipal Utility District.
- Attachment 3. EDR Detail Map for Mandela/West Grand Opportunity Area.

MOTOR OIL = 500 mg/kg  
 DIESEL = 1,000 mg/kg



TRACTOR MAY STAGE EQUIPMENT AND STORE MATERIALS ONLY IN THE  
 LOCATED "MATCHED" STAGING AREA.  
 TOLE ACCESS TO WORK AREAS MAY BE ALONG INDICATED ACCESS ROUTES ONLY.  
 TRACTOR SHALL UTILIZE TEMPORARY FENCING IN STAGING AREA AS NEEDED TO  
 ARE EQUIPMENT AND MATERIALS DURING CONSTRUCTION.

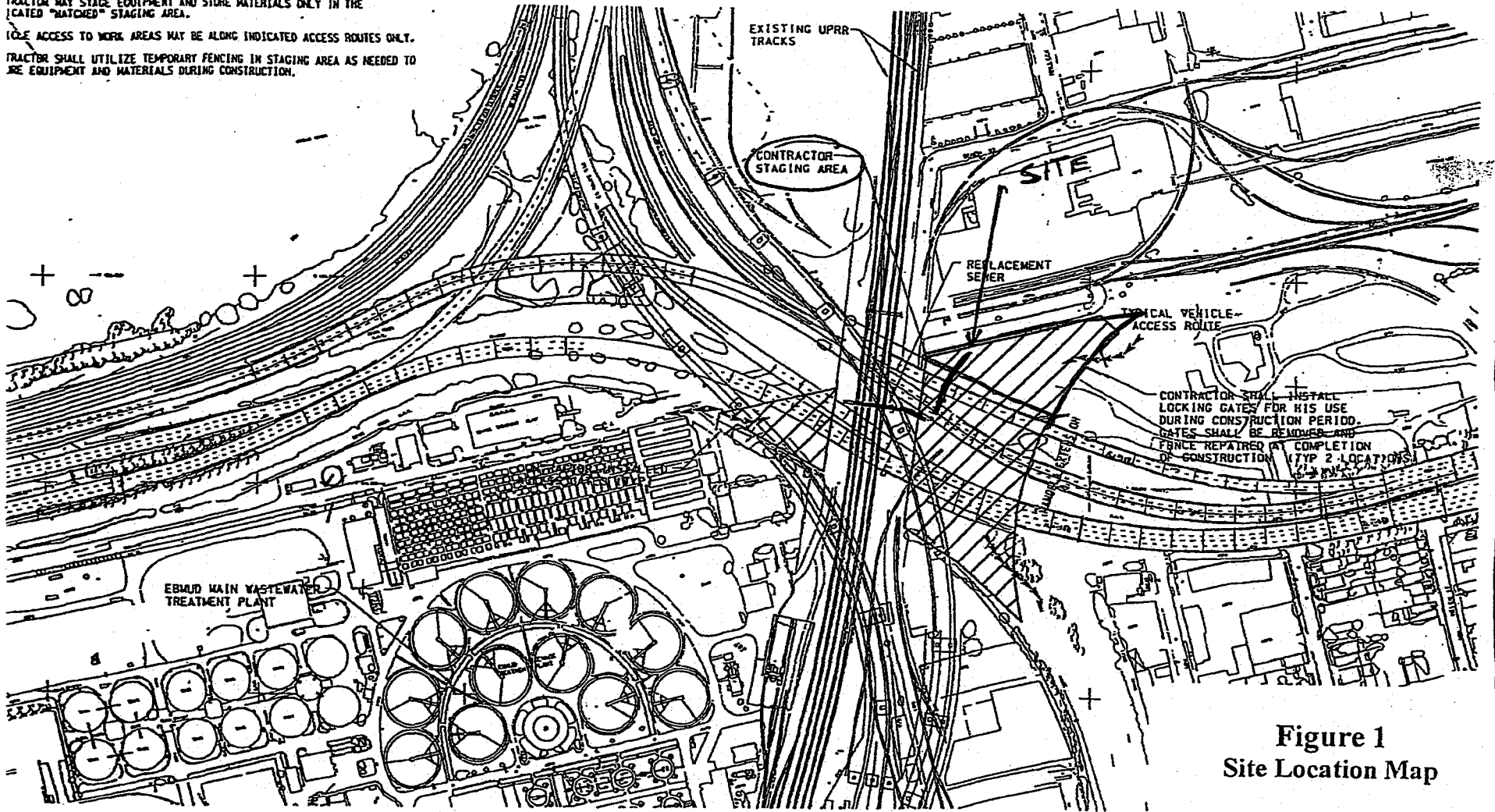


Figure 1  
 Site Location Map

*John T. Bonif*

CONSTRUCTION ACCESS PLAN  
 SCALE: 1"=120'

3" ON ORIGINAL DOCUMENT  
 1 2



**LEE & RO, Inc.**  
 WALNUT CREEK, CALIFORNIA

NO.	DATE	BY	CHK.

ADELINE INTERCEPTOR RELOCATION

DESIGNED BY	J. T. BONIF
DESIGN CHECKED BY	J. T. BONIF
DRAWN BY	J. T. BONIF
CHECKED BY	J. T. BONIF
DATE	
PROJECT NO.	

PROJECT NO.	
PROJECT DATE	
DATE	
SCALE	
DATE	

EAST BAY MUNICIPAL UTILITY DISTRICT SPECIAL DISTRICT No. 1 OAKLAND, CALIFORNIA	
CONSTRUCTION ACCESS AND STAGING AREA PLAN	
PROJECT NO.	
SCALE	AS SHOWN
DATE	
DRAWING NO.	SEED-0-022
SHEET	3 OF 12



DETAIL MAP - 3185445.2s

NOX W  
CDR REPORT



- ▲ Target Property
- ▲ Sites at elevations higher than or equal to the target property
- ◆ Sites at elevations lower than the target property
- ▲ Manufactured Gas Plants
- ⚡ Sensitive Receptors
- ▨ National Priority List Sites
- ▨ Dept. Defense Sites
- ▨ Indian Reservations BIA
- ▨ County Boundary
- ▨ Oil & Gas pipelines from USGS
- ▨ 100-year flood zone
- ▨ 500-year flood zone
- ▨ National Wetland Inventory
- ▨ Areas of Concern

This report includes Interactive Map Layers to display and/or hide map information. The legend includes only those icons for the default map view.

SITE NAME: MANDELA PKWY & W GRAND AVE	CLIENT: Lamphier-Gregory
ADDRESS: MANDELA PKWY & W GRAND AVE Oakland CA 94607	CONTACT: Scott Gregory
LAT/LONG: 37.8168 / 122.2896	INQUIRY #: 3185445.2s
	DATE: October 12, 2011 12:58 pm



# ATTACHMENT E

## CITY OF OAKLAND BUREAU OF PLANNING

250 Frank H. Ogawa Plaza, Suite 2114, Oakland, CA 94612-2031  
Phone: 510-238-3911 Fax: 510-238-4730

### PLANNING COMMISSION PUBLIC NOTICE

<b>Location:</b>	<b>0 Mandela Parkway. Vacant parcel located across from the neighboring property at 3650 Mandela Parkway and next to Beach St and Target store.</b>
<b>Assessor's Parcel Number(s):</b>	<b>007-0617-014-05</b>
<b>Proposal:</b>	To construct a six-story building ("Mandela Hotel") consisting of 220 rooms measuring approximately 142,813 square feet of floor area with a two-level underground parking garage and a surface parking area totaling 166 parking spaces.
<b>Applicant / Phone Number:</b>	Joanne Park, Lead Architect, Architectural Dimensions (510) 463-8300
<b>Hotel Operators:</b>	Tulsee Nathu & Paval Nathu
<b>Property Owner:</b>	State of California
<b>Case File Number:</b>	<b>PLN16394</b>
<b>Planning Permits Required:</b>	1) Major CUP for non-residential projects with more than 25,000 square feet of floor area; 2) Minor CUPs transient habitation (hotels) and non-residential tandem parking; 3) Regular Design Review for new building construction; and 4) Minor Variance for front yard setback reduction.
<b>General Plan / Specific Plan:</b>	Regional Commercial / West Oakland Specific Plan (WOSP)
<b>Zoning:</b>	CR-1, Regional Commercial Zone
<b>Environmental Determination:</b>	<p>A detailed CEQA (California Environmental Quality Act) Analysis was prepared for this project, which concluded that the proposed development project satisfies each of the following CEQA Guidelines: (A) 15332- Urban Infill Development; (B) 15183 - Projects Consistent with a Community Plan, General Plan, or Zoning; (C) 15183.3 - Streamlining for Infill Projects; (D) 15164 - Addendum to EIRs; and (E) 15168 and 15180 - Program EIRs and Redevelopment Projects. Each of the foregoing provides a separate and independent basis for CEQA compliance.</p> <p>The CEQA Analysis document may be reviewed at the Bureau of Planning offices, located at 250 Frank Ogawa Plaza, 2nd Floor or online. The CEQA Analysis document for the 0 Mandela Parkway Project can be viewed here: <a href="http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009157">http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009157</a> (Mandela Parkway CEQA Analysis)</p> <p>The CEQA analysis relied upon in making the Environmental Determination and incorporated by reference within the CEQA Analysis document including the LUTE (Land Use Transportation Element), and West Oakland Redevelopment Plan EIRs that can be viewed here: <a href="http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009158">http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009158</a> (LUTE / Item #1)</p> <p><a href="http://www2.oaklandnet.com/oakca1/groups/ceda/documents/report/dowd007642.pdf">http://www2.oaklandnet.com/oakca1/groups/ceda/documents/report/dowd007642.pdf</a> (West Oakland Redevelopment Plan)</p>
<b>Historic Status:</b>	Non-historic Property
<b>City Council District:</b>	3
<b>Date Filed:</b>	11/28/16
<b>Action to be Taken:</b>	Decision based on staff report
<b>For Further Information:</b>	Contact Case Planner Mike Rivera at (510) 238-6417 or by email at <a href="mailto:mrivera@oaklandnet.com">mrivera@oaklandnet.com</a> .

Your comments and questions, if any, should be directed to the Bureau of Planning, 250 Frank H. Ogawa Plaza, 2nd Floor, Oakland, California 94612-2031 at or prior to the public hearing to be held on **June 6, 2018**, at Oakland City Hall, Council Chambers, 1 Frank H. Ogawa Plaza, Oakland, California 94612. The public hearing will start at 6:00 p.m.

If you challenge the Planning Commission decision on appeal and/or in court, you will be limited to issues raised at the public hearing or in correspondence delivered to the Bureau of Planning, at, or prior to, the public hearing on this case. If you wish to be notified of the decision of any of these cases, please provide the case planner with a regular mail or email address.

Please note that the description of the application found above is preliminary in nature and that the project and/or such description may change prior to a decision being made. Except where noted, once a decision is reached by the Planning Commission on these cases, they are appealable to the City Council. **Such appeals must be filed within ten (10) calendar days of the date of decision by the Planning Commission and by 4:00p.m.** An appeal shall be on a form provided by the Bureau of Planning, and submitted to the same at 250 Frank H. Ogawa Plaza, Suite 2114, to the attention of the Case Planner. The appeal shall state specifically wherein it is claimed there was error or abuse of discretion by the City of Oakland or wherein the decision is not supported by substantial evidence and must include payment in accordance with the City of Oakland Master Fee Schedule. Failure to file a timely appeal will preclude you from challenging the City's decision in court. The appeal itself must raise every issue that is contested along with all the arguments and evidence previously entered into the record prior to or at the public hearing mentioned above. Failure to do so will preclude you from raising such issues during the appeal hearing and/or in court.

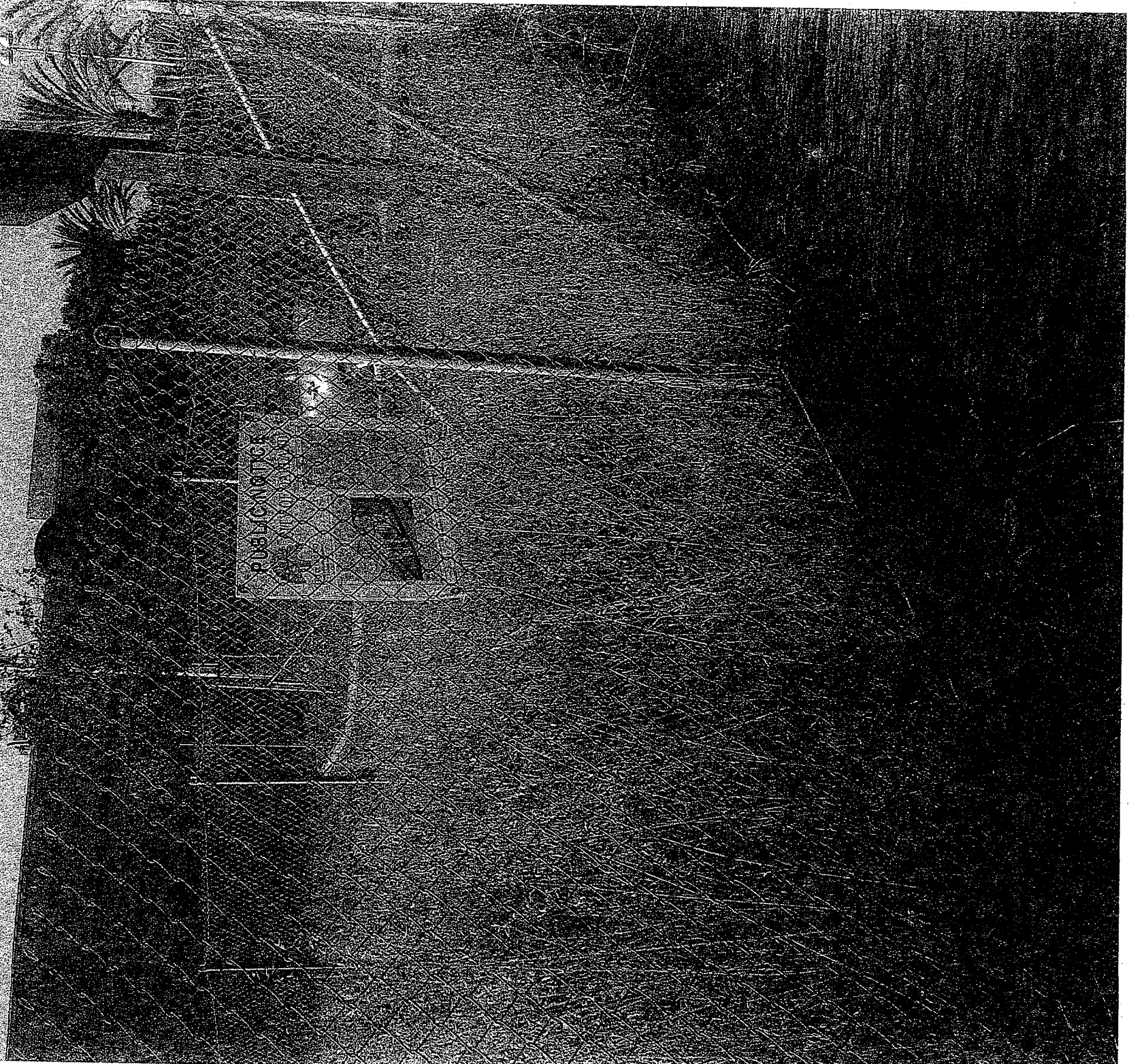
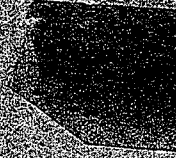
**POSTING DATE: May 18, 2018**

**IT IS UNLAWFUL TO ALTER OR REMOVE THIS NOTICE WHEN POSTED ON SITE**

- PEN16394 -

- PESTICIDE MOUNT -

9/10/15 (me)



# CERTIFICATE OF MAIL DEPOSIT FOR PUBLIC NOTICES

I certify that on May 18, 2018 the notices called under the Oakland Zoning and Subdivision Regulations for the following cases were placed into the U.S. Mail system:

CASE FILE NO:	STREET ADDRESS:
1. PLN18169	2634 Coolidge Ave - ABR
2. PLN18170	3800 International Blvd - ABR
3. PLN17200	500 Grand Ave - ABR
4. PLN18129	6701 International Blvd - ABR
5. PLN18171	5701 Claremont Ave - ABR
6. PLN17322	6501 Pine Needle Dr - ABR
7. PLN18027	644 9 <sup>th</sup> St - ABR
8. PLN18185	99 Embarcadero W - ABR
9. PLN18048	9845 B St - JMH
10. PLN17393	9956 B St - JMH
11. PLN17494	1302 58 <sup>th</sup> Ave - JMH
12. PLN18127	1984 Pleasant Valley - DT
13. PLN18067	3315 Telegraph Ave - DT
14. PLN18208	729 Clay St - ABR
15. PLN18125	3958 International Blvd - ABR
16. PLN18124	4117 International Blvd - ABR
17. PPUD08186-PUDF01	0 36 <sup>th</sup> Ave (Fruitvale Village Phase IIB) - RHL
18. PLN16394	0 Mandela Parkway - MAR
19. PLN17282	4276 MacArthur Blvd - MOE
20. APL18007	4521 Howe St - JM

Jonathan Arnold 

(NAME OF PERSON PLACING NOTICES IN MAIL)

May 18, 2018

(DATE)



City of Oakland Planning and Building Department

6/6 PC Item #12  
 (11) MAR

BRE ESA P PORTFOLIO LLC PROP TAX  
PO BOX 49550  
CHARLOTTE NC 28277  
PLN16394

EAST BAY BRIDGE RETAIL LLC  
1626 E JEFFERSON ST  
ROCKVILLE MD 20852  
PLN16394

EAST BAY MUNICIPAL UTILITY DISTRICT  
375 11TH ST  
OAKLAND CA 94607  
PLN16394

IKEA PROPERTY INC IKEA NO AMERICA SERV  
420 ALAN WOOD RD  
CONSHOHOCKEN PA 19428  
PLN16394

IKEA PROPERTY INC  
496 W GERMANTOWN PIKE  
PLYMOUTH ME PA 19462  
PLN16394

LENAWEE LLC & HOROWITZ LLC  
11911 SAN VICENTE BLVD310  
LOS ANGELES CA 90049  
PLN16394

MARKSTEIN ENTERPRISES K C BENNETT  
3800 BLACKHAWK RD  
DANVILLE CA 94506  
PLN16394

S P CO 872-1-6C-10 LEONARD SHIRLEY  
PO BOX 2500  
BROOMFIELD CO 80038  
PLN16394

S P CO 872-1-6-POR 1 LEONARD SHIRLEY  
PO BOX 2500  
BROOMFIELD CO 80038  
PLN16394

STATE OF CALIFORNIA  
PO BOX 23440  
OAKLAND CA 94623  
PLN16394

TRU 2005 RE I LLC  
1 GEOFFREY WAY  
WAYNE NJ 07470  
PLN16394



**CITY OF OAKLAND**

**BUREAU OF PLANNING**

250 Frank H. Ogawa Plaza, Suite 2114, Oakland, CA 94612-2031

Phone: 510-238-3911 Fax: 510-238-4730

**PLANNING COMMISSION PUBLIC NOTICE**

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<b>Applicant / Phone Number:</b>	Joanne Park, Lead Architect, Architectural Dimensions (510) 463-8300
<b>Hotel Operators:</b>	Tulsee Nathu & Paval Nathu
<b>Property Owner:</b>	State of California
<b>Case File Number:</b>	<b>PLNI6394</b>
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<b>General Plan / Specific Plan:</b>	Regional Commercial / West Oakland Specific Plan (WOSP)
<b>Zoning:</b>	CR-1, Regional Commercial Zone
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<b>Historic Status:</b>	Non-historic Property
<b>City Council District:</b>	3
<b>Date Filed:</b>	11/28/16
<b>Action to be Taken:</b>	Decision based on staff report
<b>For Further Information:</b>	Contact Case Planner Mike Rivera at (510) 238-6417 or by email at <a href="mailto:mrivera@oaklandnet.com">mrivera@oaklandnet.com</a> .

Your comments and questions, if any, should be directed to the Bureau of Planning, 250 Frank H. Ogawa Plaza, 2nd Floor, Oakland, California 94612-2031 at or prior to the public hearing to be held on **March 21, 2018**, at Oakland City Hall, Council Chambers, 1 Frank H. Ogawa Plaza, Oakland, California 94612. The public hearing will start at 6:00 p.m.

If you challenge the Planning Commission decision on appeal and/or in court, you will be limited to issues raised at the public hearing or in correspondence delivered to the Bureau of Planning, at, or prior to, the public hearing on this case. If you wish to be notified of the decision of any of these cases, please provide the case planner with a regular mail or email address.

Please note that the description of the application found above is preliminary in nature and that the project and/or such description may change prior to a decision being made. Except where noted, once a decision is reached by the Planning Commission on these cases, they are appealable to the City Council. **Such appeals must be filed within ten (10) calendar days of the date of decision by the Planning Commission and by 4:00p.m.** An appeal shall be on a form provided by the Bureau of Planning, and submitted to the same at 250 Frank H. Ogawa Plaza, Suite 2114, to the attention of the Case Planner. The appeal shall state specifically wherein it is claimed there was error or abuse of discretion by the City of Oakland or wherein the decision is not supported by substantial evidence and must include payment in accordance with the City of Oakland Master Fee Schedule. Failure to file a timely appeal will preclude you from challenging the City's decision in court. The appeal itself must raise every issue that is contested along with all the arguments and evidence previously entered into the record prior to or at the public hearing mentioned above. Failure to do so will preclude you from raising such issues during the appeal hearing and/or in court.

**POSTING DATE: March 2, 2018**

**IT IS UNLAWFUL TO ALTER OR REMOVE THIS NOTICE WHEN POSTED ON SITE**

# CERTIFICATE OF MAIL DEPOSIT FOR PUBLIC NOTICES

I certify that on February 16, 2018 the notices called under the Oakland Zoning and Subdivision Regulations for the following cases were placed into the U.S. Mail system:

CASE FILE NO:	STREET ADDRESS:
1. <i>PLN16394</i>	0 Mandela Parkway – Revised PC Agenda - MAR
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20.	

Cheryl Dunaway  
(NAME OF PERSON PLACING NOTICES IN MAIL)

February 16, 2018  
(DATE)



# CERTIFICATE OF MAIL DEPOSIT FOR PUBLIC NOTICES

I certify that on **February 2, 2018** the notices called under the Oakland Zoning and Subdivision Regulations for the following cases were placed into the U.S. Mail system:

CASE FILE NO:	STREET ADDRESS:
1. PLN17464	206 Glenwood Glade - MG
2. PLN17352	3146 MLK Jr Way - MG
3. PLN17359	2833 Harrison St - MG
4. PLN17517	1140 71 <sup>st</sup> Ave - ABR
5. PLN17518	6719 Eastlawn St - ABR
6. PLN17520	1219 76 <sup>th</sup> Ave - ABR
7. PLN17310	1286 104 <sup>th</sup> Ave - JM
8. PLN17493	1000 106 <sup>th</sup> Ave - JM
9. PLN17495	10400 E St - JM
10. CMDV06573	325 7 <sup>th</sup> St - MBA
11. PLN16394	0 Mandela Pkwy - MAR
12. PLN16117	1433 Webster St - PZV
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18.	
19.	
20.	

Jonathan Arnold  
 (NAME OF PERSON PLACING NOTICES IN MAIL)

February 2, 2018  
 (DATE)

BRE ESA P PORTFOLIO LLC PROP TAX  
PO BOX 49550  
CHARLOTTE NC 28277  
PLN16394

EAST BAY BRIDGE RETAIL LLC  
1626 E JEFFERSON ST  
ROCKVILLE MD 20852  
PLN16394

EAST BAY MUNICIPAL UTILITY DISTRICT  
375 11TH ST  
OAKLAND CA 94607  
PLN16394

IKEA PROPERTY INC  
496 W GERMANTOWN PIKE  
PLYMOUTH ME PA 19462  
PLN16394

IKEA PROPERTY INC IKEA NO AMERICA  
SERV  
420 ALAN WOOD RD  
CONSHOHOCKEN PA 19428  
PLN16394

LENAWEE LLC & HOROWITZ LLC  
11911 SAN VICENTE BLVD 310  
LOS ANGELES CA 90049  
PLN16394

MARKSTEIN ENTERPRISES K C BENNETT  
3800 BLACKHAWK RD  
DANVILLE CA 94506  
PLN16394

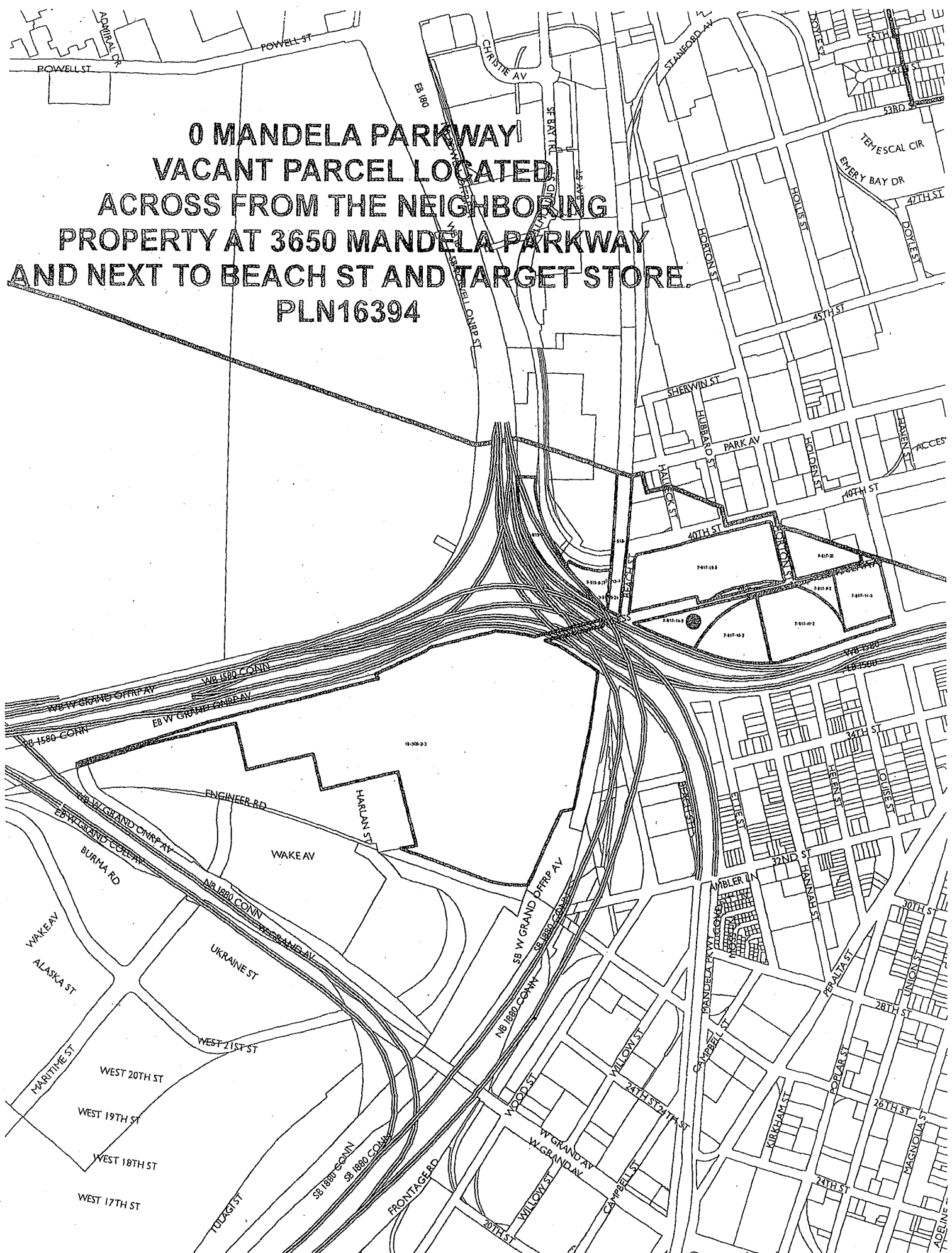
S P CO 872-1-6C-10 LEONARD SHIRLEY  
PO BOX 2500  
BROOMFIELD CO 80038  
PLN16394

S P CO 872-1-6-POR 1 LEONARD SHIRLEY  
PO BOX 2500  
BROOMFIELD CO 80038  
PLN16394

STATE OF CALIFORNIA DEPT OF TRANS  
PO BOX 23440  
OAKLAND CA 94623  
PLN16394

TRU 2005 RE I LLC  
1 GEOFFREY WAY  
WAYNE NJ 07470  
PLN16394

**0 MANDELA PARKWAY  
VACANT PARCEL LOCATED  
ACROSS FROM THE NEIGHBORING  
PROPERTY AT 3650 MANDELA PARKWAY  
AND NEXT TO BEACH ST AND TARGET STORE.  
PLN16394**



2/21 PC; Item #6/11  
MAR

~~1/10/MAR~~ / 1/20/2011



## CITY OF OAKLAND

### BUREAU OF PLANNING

250 Frank H. Ogawa Plaza, Suite 2114, Oakland, CA 94612-2031

Phone: 510-238-3911 Fax: 510-238-4730

### PLANNING COMMISSION PUBLIC NOTICE

<b>Location:</b>	<b>0 Mandela Parkway. Vacant parcel located across from the neighboring property at 3650 Mandela Parkway and next to Beach St and Target store.</b>
<b>Assessor's Parcel Number(s):</b>	<b>007-0617-014-05</b>
<b>Proposal:</b>	To construct a six-story building ("Mandela Hotel") consisting of 220 rooms measuring approximately 142,813 square feet of floor area with a two-level underground parking garage and a surface parking area totaling 166 parking spaces.
<b>Applicant / Phone Number:</b>	Joanne Park, Lead Architect, Architectural Dimensions (510) 463-8300
<b>Hotel Operators:</b>	Tulsee Nathu & Paval Nathu
<b>Property Owner:</b>	State of California
<b>Case File Number:</b>	<b>PLN16394</b>
<b>Planning Permits Required:</b>	1) Major CUP for non-residential projects with more than 25,000 square feet of floor area; 2) Minor CUPs transient habitation (hotels) and non-residential tandem parking; 3) Regular Design Review for new building construction; and 4) Minor Variance for front yard setback reduction.
<b>General Plan / Specific Plan:</b>	Regional Commercial / West Oakland Specific Plan (WOSP)
<b>Zoning:</b>	CR-1, Regional Commercial Zone
<b>Environmental Determination:</b>	<p>A detailed CEQA (California Environmental Quality Act) Analysis was prepared for this project, which concluded that the proposed development project satisfies each of the following CEQA Guidelines: (A) 15332- Urban Infill Development; (B) 15183 - Projects Consistent with a Community Plan, General Plan, or Zoning; (C) 15183.3 - Streamlining for Infill Projects; (D) 15164 - Addendum to EIRs; and (E) 15168 and 15180 - Program EIRs and Redevelopment Projects. Each of the foregoing provides a separate and independent basis for CEQA compliance.</p> <p>The CEQA Analysis document may be reviewed at the Bureau of Planning offices, located at 250 Frank Ogawa Plaza, 2nd Floor or online. The CEQA Analysis document for the 0 Mandela Parkway Project can be viewed here:  <a href="http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009157">http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009157</a> (Mandela Parkway CEQA Analysis)</p> <p>The CEQA analysis relied upon in making the Environmental Determination and incorporated by reference within the CEQA Analysis document including the LUTE (Land Use Transportation Element), and West Oakland Redevelopment Plan EIRs that can be viewed here:  <a href="http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009158">http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009158</a> (LUTE / Item #1)</p> <p><a href="http://www2.oaklandnet.com/oakca1/groups/ceda/documents/report/dowd007642.pdf">http://www2.oaklandnet.com/oakca1/groups/ceda/documents/report/dowd007642.pdf</a> (West Oakland Redevelopment Plan)</p>
<b>Historic Status:</b>	Non-historic Property
<b>City Council District:</b>	3
<b>Date Filed:</b>	11/28/16
<b>Action to be Taken:</b>	Decision based on staff report
<b>For Further Information:</b>	Contact Case Planner <b>Mike Rivera</b> at (510) 238-6417 or by email at <a href="mailto:mrivera@oaklandnet.com">mrivera@oaklandnet.com</a> .

Your comments and questions, if any, should be directed to the Bureau of Planning, 250 Frank H. Ogawa Plaza, 2nd Floor, Oakland, California 94612-2031 at or prior to the public hearing to be held on **February 21, 2018**, at Oakland City Hall, Council Chambers, 1 Frank H. Ogawa Plaza, Oakland, California 94612. The public hearing will start at 6:00 p.m.

If you challenge the Planning Commission decision on appeal and/or in court, you will be limited to issues raised at the public hearing or in correspondence delivered to the Bureau of Planning, at, or prior to, the public hearing on this case. If you wish to be notified of the decision of any of these cases, please provide the case planner with a regular mail or email address.

Please note that the description of the application found above is preliminary in nature and that the project and/or such description may change prior to a decision being made. Except where noted, once a decision is reached by the Planning Commission on these cases, they are appealable to the City Council. **Such appeals must be filed within ten (10) calendar days of the date of decision by the Planning Commission and by 4:00p.m.** An appeal shall be on a form provided by the Bureau of Planning, and submitted to the same at 250 Frank H. Ogawa Plaza, Suite 2114, to the attention of the Case Planner. The appeal shall state specifically wherein it is claimed there was error or abuse of discretion by the City of Oakland or wherein the decision is not supported by substantial evidence and must include payment in accordance with the City of Oakland Master Fee Schedule. Failure to file a timely appeal will preclude you from challenging the City's decision in court. The appeal itself must raise every issue that is contested along with all the arguments and evidence previously entered into the record prior to or at the public hearing mentioned above. Failure to do so will preclude you from raising such issues during the appeal hearing and/or in court.

POSTING DATE: **February 2, 2018**

IT IS UNLAWFUL TO ALTER OR REMOVE THIS NOTICE WHEN POSTED ON SITE

# ATTACHMENT F

## PUBLIC HEARINGS

<b>12.</b>	<b>Location:</b>	<b>0 Mandela Parkway. Vacant parcel located across from the neighboring property at 3650 Mandela Parkway and next to Beach St and Target store.</b>
	<b>Assessor's Parcel Number(s):</b>	<b>007-0617-014-05</b>
	<b>Proposal:</b>	To construct a six-story building ("Mandela Hotel") consisting of 220 rooms measuring approximately 142,813 square feet of floor area with a two-level underground parking garage and a surface parking area totaling 166 parking spaces.
	<b>Applicant / Phone Number:</b>	Joanne Park, Lead Architect, Architectural Dimensions (510) 463-8300
	<b>Hotel Operators:</b>	Tulsee Nathu & Paval Nathu
	<b>Property Owner:</b>	State of California
	<b>Case File Number:</b>	<b>PLN16394</b>
	<b>Planning Permits Required:</b>	1) Major CUP for non-residential projects with more than 25,000 square feet of floor area; 2) Minor CUPs transient habitation (hotels) and non-residential tandem parking; 3) Regular Design Review for new building construction; and 4) Minor Variance for front yard setback reduction.
	<b>General Plan / Specific Plan:</b>	Regional Commercial / West Oakland Specific Plan (WOSP)
	<b>Zoning:</b>	CR-1, Regional Commercial Zone
	<b>Environmental Determination:</b>	<p>A detailed CEQA (California Environmental Quality Act) Analysis was prepared for this project, which concluded that the proposed development project satisfies each of the following CEQA Guidelines: (A) 15332- Urban Infill Development; (B) 15183 - Projects Consistent with a Community Plan, General Plan, or Zoning; (C) 15183.3 - Streamlining for Infill Projects; (D) 15164 - Addendum to EIRs; and (E) 15168 and 15180 - Program EIRs and Redevelopment Projects. Each of the foregoing provides a separate and independent basis for CEQA compliance.</p> <p>The CEQA Analysis document may be reviewed at the Bureau of Planning offices, located at 250 Frank Ogawa Plaza, 2nd Floor or online. The CEQA Analysis document for the 0 Mandela Parkway Project can be viewed here:  <a href="http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009157">http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009157</a>            (Mandela Parkway CEQA Analysis)</p> <p>The CEQA analysis relied upon in making the Environmental Determination and incorporated by reference within the CEQA Analysis document including the LUTE (Land Use Transportation Element), and West Oakland Redevelopment Plan EIRs that can be viewed here:  <a href="http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009158">http://www2.oaklandnet.com/government/o/PBN/OurServices/Application/DOWD009158</a>            (LUTE / Item #1)</p> <p><a href="http://www2.oaklandnet.com/oakcal/groups/ceda/documents/report/dowd007642.pdf">http://www2.oaklandnet.com/oakcal/groups/ceda/documents/report/dowd007642.pdf</a>            (West Oakland Redevelopment Plan)</p>
	<b>Historic Status:</b>	Non-historic Property
	<b>City Council District:</b>	3
	<b>Date Filed:</b>	11/28/16
	<b>Action to be Taken:</b>	Decision based on staff report
	<b>For Further Information:</b>	Contact Case Planner <b>Mike Rivera</b> at <b>(510) 238-6417</b> or by email at <b>mriviera@oaklandnet.com</b> .

Item #12 was called at **6:58pm**.

**Staff Member:** Mike Rivera, Sharon Ryan (from Lamphier Gregory)

**Applicant:** Jim Heilbronner

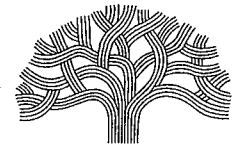
**Public Speakers:** Ana Gutierrez, Maria Aguilar, Saabir Lockett, Asha DuMonthier, Dondre White, Melody Davis, Henry Fullmore, Mark Everton, Lauren Westreich, David Brazil, Paul Cobb, Kayode Powell, Carol Wyatt, Rabia Keeble, Gregory Tung, Jervon Graves, Ty Hudson, Evella Holt, Francisco Del Toro, Daniel Gregg, Jessica Travenia, Wei-Ling Huber, Blanca Mendoza.

Motion by Commissioner Fearn to affirm staff's environmental determination and adopt the attached CEQA Findings; approve the project, including Conditional Use Permit, Regular Design Review, and Minor Variance, subject to the attached Findings and Conditions (including the SCAMMRP); with the additional Conditions of Approval of a \$15 per hour minimum wage for all operations employees in perpetuity and to return to DRC, seconded by Commissioner Limon.

**Ayes:** Fearn, Limon, Monchamp, Nagraj

**Noes:** Manus, Myres

Approved with 4 ayes and 2 noes.



DALZIEL BUILDING ◦ 250 FRANK H. OGAWA PLAZA, SUITE 2114 ◦ OAKLAND, CALIFORNIA 94612-2032

Department of Planning and Building  
Zoning Division

(510) 238-3911  
FAX (510) 238-4730  
TDD (510) 238-3254

**PLANNING COMMISSION DECISION LETTER**

Sent via U.S. Mail and Electronic Mail

June 11, 2018

Architectural Dimensions  
Attn: Joanne Park  
300 Frank H. Ogawa Plaza, Suite 375  
Oakland, CA 94612

**RE: Application Number: PLN16394; Property Location: 0 Mandela Parkway; APN: 007 061701405**

Dear Ms. Park:

The above application was **APPROVED** at the City Planning Commission meeting (by a (4-2) vote) on June 6, 2018. The Commission's action is indicated below. This action becomes final ten (10) days after the date of the announcement of the decision unless an appeal to the City Council is filed by **4:00 pm on Monday, June 18, 2018.**

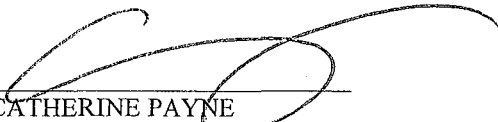
- 1. Adoption/approval of the CEQA Findings.**
- 2. Approval of the project, including Major and Minor Conditional Use Permits, Regular Design Review, and Minor Variance, subject to the attached Findings, Conditions of Approval, Mitigation Monitoring and Reporting Program and two additional Conditions imposed by the Planning Commission at the public meeting.**

If you, or any interested party, seeks to challenge this decision, an appeal must be filed by no later than ten (10) calendar days from the announcement of the decision (by 4:00 pm on Monday, June 18, 2018). An appeal shall be on a form provided by the Bureau of Planning, and submitted to the same at 250 Frank H. Ogawa Plaza, Suite 2114, to the attention of Mike Rivera, Project Planner. The appeal shall state specifically wherein it is claimed there was error or abuse of discretion by the Planning Commission or wherein their decision is not supported by substantial evidence and must include payment of \$1,891.08 in accordance with the City of Oakland Master Fee Schedule. Failure to timely appeal will preclude you, or any interested party, from challenging the City's decision in court. The appeal itself must raise each and every issue that is contested, along with all the arguments and evidence in the record which supports the basis of the appeal; failure to do so may preclude you from raising such issues during the appeal and/or in court. However, the appeal will be limited to issues and/or evidence presented to the City Planning Commission prior to the close of the City Planning Commission's public hearing on the matter.

Project conditions of approval, including an additional condition imposed at hearing by the Planning Commission requiring further review of project plans by the Design Review Committee, are set forth in Attachment B. Additionally, this decision letter shall serve to memorialize your authorized representative's commitment on your behalf, during the course of the June 6<sup>th</sup>, 2018 Planning Commission hearing on the matter, that all operational employees at the hotel shall be paid a minimum wage of \$15 (fifteen) dollars per hour.

If you have any questions, please contact the project case Planner, Mike Rivera at (510) 238-6417 or by email [mrivera@oaklandnet.com](mailto:mrivera@oaklandnet.com), however, this does not substitute for filing of an appeal as described above.

Very Truly Yours,

  
CATHERINE PAYNE  
Acting Development Planning Manager  
Bureau of Planning

Cc: California Department of Transportation (Cal Trans)  
Attn: Renata Frey  
111 Grand Avenue  
Oakland, CA 94612

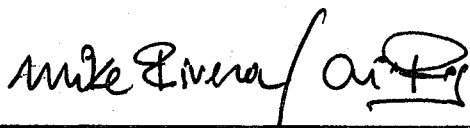
Gregory Tung  
3 Ealing Lane  
Oakland, CA 94608

UNITEHERE  
Attn: Ty Hudson  
1440 Broadway, Suite 208  
Oakland, CA 94612

Wendel Rosen  
Attn: Amara L. Morrison  
1111 Broadway, 24<sup>th</sup> Floor  
Oakland, CA 94607

David Harlan, Building Services Division  
Bill Quesada, Inspection Services  
Public Works/Tree Division Services

**Attachments:** A. Findings  
B. Approved Conditions of Approval



(NAME & SIGNATURE OF PERSON PLACING IN MAIL)

6-11-18

(DATE)



# Attachment A

## Findings for Approval

The findings required for granting approval for this application for Conditional Use Permit, Regular Design Review and Minor Variance, are (shown in normal type) found in Sections 17.134.050, 17.116.240(D), 17.103.050, 17.136.050 (B), and 17.148.050 and the reasons this proposal satisfies these findings (shown in **bold**), are as follows (Note: the Project's conformance with the following findings is not limited to the discussion below, but is also included in all discussions in this report and elsewhere in the record):

### SECTION 17.134.050- GENERAL CONDITIONAL USE PERMIT

Major CUP for for non-residential projects over 25,000 square feet of floor area in the CR-1 Zone; and Minor CUP for transient habitation activity-hotels.

- A. That the location, size, design and operating characteristics of the proposed development will be compatible with and will not adversely affect the livability or appropriate development of abutting properties and the surrounding neighborhood, with consideration to be given to harmony in scale, bulk, coverage, and density; to the availability of civic facilities and utilities; to harmful effect, if any, upon desirable neighborhood character; to the generation of traffic and the capacity of surrounding streets; and to any other relevant impact of the development.

**The project is in a regional commercial shopping district and reflects the approximate size and scale of similar commercial buildings in the surrounding area such as the Extended Stay America Hotel, Granite Expo, Target, Office Depot and Best Buy. The building proposal measures 142,813 square feet and will be located on a 46, 445 square foot parcel. The project design is designed to reduce building mass and bulk and is compatible with the mix of nearby buildings. The hotel development is in character and fits with the intent of uses in this regional commercial area by creating new hotels and supporting similar hotels nearby. The transportation analysis prepared for this project shows no significant traffic impact to the surrounding area.**

- B. That the location, design, and site planning of the proposed development will provide a convenient and functional living, working, shopping, or civic environment, and will be as attractive as the nature of the use and its location and setting warrant.

**The project is located adjacent to the East Bay Bridge Shopping Center, next to I-880/I-80 and near public transit. The development site and design is compatible to the shape and size of the parcel. The project design will provide a convenient and functional living and working environment to the hotel patrons and employees. The building provides amenities such as a fitness room, pool/spa, office space, laundry, breakfast area, lounge bar and outdoor lounge on the ground-level. The hotel provides an interesting design that transitions between the retail area and mix of light-industrial and housing business-mix areas to the south along Mandela Parkway.**

- C. That the proposed development will enhance the successful operation of the surrounding area in its basic community functions, or will provide as essential service to the community or region.

**PLANNING FILE: PLN16394**

The project will provide a new development that is compatible with the size of nearby commercial buildings and is in scale with the site. The hotel proposal with its 220 rooms and amenities will increase activity and help to support existing and future commercial development in this section of West Oakland. The addition will provide a new hotel that meets the City's intent for providing new lodging facilities in commercial areas and along I-880/I-80.

- D. That the proposal conforms to all applicable regular design review criteria set forth in the regular design review procedures at Section 17.136.050:

**The commercial development for a new hotel meets the Design Review Findings listed below in this report which are hereby incorporated by reference as if fully set forth herein.**

- E. That the proposal conforms in all significant respects with the Oakland General Plan and with any other applicable guidelines or criteria, district plan or development control map which has been adopted by the Planning Commission or City Council.

**The proposal conforms to the policies of the General Plan by providing a new hotel that helps to intensify the area designated for regional commercial uses, as described within this report which such findings are hereby incorporated by reference as if fully set forth herein.**

**SECTION 17.116.240(D) ADDITIONAL CONDITIONAL USE PERMIT FINDINGS for TANDEM PARKING FOR NON-RESIDENTIAL ACTIVITIES**

1. That a full-time parking attendant supervises the parking arrangement at all times when the activities served are in active operation.

**The project sponsor proposes full-time, 24-hour service parking attendants that will operate the automated parking system. The parking system "stackers" allows approximately 102 vehicles to be parked on an automatic two-level lift system. The "stackers" will be located on level one of the underground parking garage and will be reserved for use by the hotel patrons.**

2. That there are a total of ten or fewer parking spaces on a lot, or within a separate parking area on a lot, which spaces are provided solely for employees.

**This finding does not apply because is not part of the development proposal.**

**SECTION 17.103.050 -TRANSIENT HABITATION COMMERCIAL USE PERMIT FINDINGS**

1. That the proposal is consistent with the goal of attracting first-class, luxury hotels in downtown, along the waterfront, near the airport, along the I-880 freeway, in a specific plan area, and/or in an area with a concentration of amenities for hotel patrons, including but not limited to restaurant, retail, recreation, open space and exercise facilities, and is well-served by public transit

**The proposal is in a regional commercial area and along the I-880/I-80 freeway in West Oakland and is also within the West Oakland Specific Plan (WOSP). The development for a new 220-room hotel will be an attraction because it includes amenities such as a fitness room, indoor pool/spa, business center, laundry and lounge for guests. The project will provide hotel patrons with a mix of services within the immediate area that include retail, restaurants and parks (Mandela Park) including the Bay Bridge-East Bay Trail. The project will also be**

served by transit lines that provide access to downtown Oakland, and other transit options such as Cal-trains.

2. That the proposal considers the impact of the employees of the hotel or motel on the demand in the City for housing, public transit, and social services.

**The hotel proposal will provide new employment and help to diversify the economic base of the City by creating approximately 44 permanent jobs. There are housing alternatives as new market rate and affordable residential development have been approved and others are being constructed in the City of Oakland for future residents. The project is located close to existing public transit with AC Transit bus lines running along 40<sup>th</sup> Street and San Pablo Avenue that will provide services to hotel employees. The proposal would not create social services impacts because the new jobs can provide economic opportunities to Oakland residents and help reduce unemployment rate. To help promote jobs and the hiring of local residents, staff recommends a condition of approval. See Condition of Approval # 15.**

3. That the proposed development will be of an architectural and visual quality and character which harmonizes and enhances the surrounding area, and that such design includes:
  - a. Site planning that insures appropriate access and circulation, locates building entries which face the primary street, provides a consistent development pattern along the primary street, and insures a design that promotes safety for its users.

**As discussed in the Design Review Findings in this staff report, the building proposal contains visually appealing architectural features that are typical of a commercial setting. The main entry and circulation for the hotel is located on Mandela Parkway. The project will provide adequate pedestrian and vehicular circulation to promote safety to the general public within and around the property.**

- b. Landscaping that creates a pleasant visual corridor along the primary streets with a variety of local species and high quality landscape materials.

**The development proposal includes a mix of 24-inch size Crape Myrtle and Brush Trees, 5-gallon shrubs, vines and groundcovers within the landscaped area to complement the new development, provide visual interest to the building design and also enhance the streetscape along Mandela Parkway.**

- c. Signage that is integrated and consistent with the building design and promotes the building entry, is consistent with the desired character of the area, and does not detract from the overall streetscape.

**The project includes two internally-illuminated business wall signage along the top face of the building stair towers identifying the hotel and creating visual interest to the City's skyline when viewed from the surrounding areas. The signage does not detract from the streetscape.**

- d. The majority of the parking is located either to the side or rear of the site, or where appropriate, within a structured parking facility that is consistent, compatible and integrated into the overall development.

**The project proposal provides an underground parking garage that is within the envelope of the building. The entry of the driveway is located along the side of the property and will be screened from view by new landscaping within the property and along the street line.**

- e. Appropriate design treatment for ventilation of room units as well as structured parking areas; and prominent entry features that may include attractive porte-cocheres.

**The project proposal would use a central ventilation system for the hotel rooms and the parking garage, and the entry door for the garage faces the uncovered access ramp. The development includes a porte-cochere that identifies the entry for the hotel lobby facing onto Mandela Parkway, thus creating design interest.**

- f. Building design that enhances the building's quality with strong architectural statements, high quality materials particularly at the pedestrian level, and appropriate attention to detail.

**The project provides architectural features to make the building base visually attractive. The use of fenestration on the hotel lobby, oval-shaped building columns, porte-cochere and landscaping provide transparency, prominence and visual appeal to the building.**

- g. Lighting standards for hotel buildings, grounds and parking lots that are not overly bright and direct the downward placement of light.

**The project includes recessed canopy and wall-mounted light fixtures including lamp posts along the driveway and parking lot that are designed to prevent glare.**

- 4. That the proposed development provides adequately buffered loading areas and to the extent possible, are located on secondary streets.

**The project site does not have a secondary street and the rear commercial loading areas are screened with hardscape and landscaping to minimize visibility from street view.**

- 5. The proposed operator of the facility shall be identified as part of the project description at the time of application.

**The project sponsor or operator for the Mandela Hotel is identified on the application materials and project design plans.**

#### **SECTION 17.136.050 (B) - DESIGN REVIEW CRITERIA / Non-Residential Facilities**

- 1. That the proposal will help achieve or maintain a group of facilities which are well related to one another and which, when taken together, will result in a well composed design, with consideration given to site, landscape, bulk, height, arrangement, texture, materials, colors, and appurtenances; the relation of these factors to other facilities in the vicinity; and the relation of the proposal to the total setting as seen from key points in the surrounding area. Only elements of design which have some significant relationship to outside appearance shall be considered, except as otherwise provided in Section 17.136.060.

**The proposal provides a different wall and roof arrangements and materials and color treatments to provide a balanced design. The building envelope provides footprint variation to break up wall continuity, different roof and wall planes and uses a variety of exterior treatments**

materials and colors to increase building articulation and reduce bulk. The building also contains design features such as a glass curtain wall and an oval-shaped screen wall on the roof to create an urban style expression in the commercial area. To create a more distinctive paving material surface from the street to the hotel lobby, it is recommended that the project sponsor includes a paving surface material that contains high quality texture and interest to provide visual contrast and complement the landscaping and hardscape on development site.

See Condition of Approval #20.

2. That the proposed design will be of a quality and character which harmonizes with, and serves to protect the value of, private and public investments in the area.

**The proposal provides a contemporary building design of high quality and will be in character and harmony with surrounding commercial uses. The project will fill in an undeveloped site with a desirable hotel use that will serve the area as a destination location. The development will protect and increase the value of private and public investment in the regional commercial area by creating a high-quality building with lodging services.**

3. That the proposed design conforms in all significant respects with the Oakland General Plan and with any applicable design review guidelines or criteria, district plan, or development control map which have been adopted by the Planning Commission or City Council.

**The project design conforms to the General Plan and design criteria of the West Oakland Specific Plan by creating a quality development in a regional commercial area that conforms to the criteria discussed and incorporated by reference in the applicable design review findings.**

#### **SECTION 17.148.050- MINOR VARIANCE FINDINGS /Partial Front Yard Setback Reduction**

1. That strict compliance with the specified regulation would result in practical difficulty or unnecessary hardship inconsistent with the purposes of the zoning regulations, due to unique physical or topographic circumstances or conditions of design; or as an alternative in the case of a minor variance, that such strict compliance would preclude an effective design solution improving livability, operational efficiency, or appearance.

**The strict compliance of setback requirements would result in a hardship given the project site configuration which could constrain a building from having an efficient and operational development. The setback reduction is for a small section of the building in the front yard, but improves the overall design by creating an effective solution for the operation of the hotel and appearance from the street. Such minor variance is also consistent with the West Oakland Specific Plan objective of having buildings directly abutting the sidewalk.**

2. That strict compliance with the regulations would deprive the applicant of privileges enjoyed by owners of similarly zoned property; or, as an alternative in the case of a minor variance, that such strict compliance would preclude an effective design solution fulfilling the basic intent of the applicable regulation.

**The strict compliance of setback requirements would restrict the development where other properties in the same zone have buildings with similar front yard setbacks due to the shape and configuration of the property. The proposal would be compatible with some of the existing building to the south of the property along Mandela Parkway. The proposal is reasonable because it provides a balance as the required setback is met for the rest of the building and allows for a better operation of the hotel. The need for usable floor area and access to serve the hotel are more reasonably needed than additional yard setback area. The project provides an effective design**

solution that still meets the front yard setback requirements for the rest of the main hotel and minimizes surface parking area. Strict compliance with the regulations would also impact the balanced architectural design of the building further impacts the ability for the project to achieve its design objectives.

3. That the variance, if granted, will not adversely affect the character, livability, or appropriate development of abutting properties or the surrounding area, and will not be detrimental to the public welfare or contrary to adopted plans or development policy.

**The granting of a minor variance for reduction of a small section of the required front yard setback will not adversely affect the appropriate development of the surrounding area. The Mandela Parkway design guidelines for commercial opportunity areas envision new building construction to be built to the edge of sidewalks to maintain continuity of the area's street walls which the project provides. Given that the rest of the hotel will meet the setback, the proposal for a section of front yard setback reduction is not detrimental to the public welfare.**

4. That the variance will not constitute a grant of special privilege inconsistent with limitations imposed on similarly zoned properties or inconsistent with the purposes of the zoning regulations.

**The granting of the variance for the front yard setback reduction for a portion of the building will not constitute a grant of special privilege since the project will function practically for its required purpose, provide a design solution for a constrained and underutilized site and will limit impacts on neighboring commercial properties.**

5. That the elements of the proposal requiring the variance (e.g. elements such as buildings, walls, fences, driveways, garages and carports, etc.) conform with the design review criteria set forth in the design review procedure at Section 17.136.070.

**The granting of the variance to reduce a small area of the front yard setback will allow the building to provide better hotel operations. The proposal meets the Design Review Criteria for non-residential development as described above.**

6. That the proposal conforms in all significant respects with the Oakland General Plan and with any other applicable guidelines or criteria, district plan, or development control map which have been adopted by the Planning Commission or City Council.

**The proposed project will be consistent with the General Plan, design guidelines and zoning as discussed elsewhere in this report, which such discussion is hereby incorporated by reference.**

7. For proposals involving one or two residential dwelling units on a lot: That, if the variance would relax a regulation governing maximum height, minimum yards, maximum lot coverage or maximum floor area ratio, the proposal also conforms with at least one of the following additional criteria:
  - a. The proposal when viewed in its entirety will not adversely impact abutting residences to the side, rear, or directly across the street with respect to solar access, view blockage and privacy to a degree greater than that which would be possible if the residence were built according to the applicable regulation and, for height variances, the proposal provides detailing, articulation or other design treatments that mitigate any bulk created by the additional height; or
  - b. Over sixty (60) percent of the lots in the immediate vicinity are already developed and the proposal does not exceed the corresponding as-built condition on these lots and, for height variances, the proposal provides detailing, articulation or other design treatments that mitigate any bulk created by the additional height. The immediate context shall consist of the five closest

lots on each side of the project site plus the ten closest lots on the opposite side of the street (see illustration I-4b); however, the Director of City Planning may make an alternative determination of immediate context based on specific site conditions. Such determination shall be in writing and included as part of any decision on any variance.

**Not applicable, as the project development includes commercial uses.**

## CEQA COMPLIANCE FINDINGS

- I. Introduction: These findings are made pursuant to the California Environmental Quality Act (Public Resources Code section 21000 et seq.; "CEQA") and the CEQA Guidelines (Cal. Code Regs. title 14, section 15000 et seq.; "CEQA Guidelines") by the Planning Commission in connection with the environmental analysis of the effects of implementation of the Mandela Parkway Hotel project, as more fully described elsewhere in this Staff Report and in the City of Oakland ("City") CEQA Analysis document entitled "Mandela Parkway Hotel Project-CEQA Analysis" dated November 2017 ("CEQA Analysis") (the "Project"). The City is the lead agency for purposes of compliance with the requirements of CEQA. These CEQA findings are attached and incorporated by reference into each and every decision associated with approval of the Project and are based on substantial evidence in the entire administrative record.
  
- II. Applicability/Adoption of Previous CEQA Documents
  - A. Adoption of General Plan Land Use and Transportation Element (LUTE) and Certification of 1998 LUTE EIR: The City finds and determines that (a) the Oakland City Council on March 24, 1998 adopted Resolution No. 74129 C.M.S. which adopted the General Plan Land Use and Transportation Element, made appropriate CEQA findings, including certification of the 1998 LUTE Environmental Impact Report ("EIR"); and (b) the LUTE satisfies the description of "Community Plan" set out in Public Resources Code section 21083.3(e) and in CEQA Guidelines section 15183, as well the description of "Planning Level Document" set out in Public Resources Code section 21094.5 and in CEQA Guidelines section 15183.3. The City Council, in adopting the LUTE following a public hearing, approved applicable mitigation measures which are largely the same as those identified in the other Program EIRs prepared after the 1998 LUTE EIR, either as mitigation measures or as a part of newer Standard Conditions of Approval ("SCAs") which constitute uniformly applied development policies or standards (together with other City development regulations) and determined that the mitigation measures set out in the 1998 LUTE EIR, would substantially mitigate the impacts of the LUTE and future projects thereunder. While approved after certification of the 1998 LUTE EIR, growth and potential effects of the development of the Project would have been considered in the cumulative growth projections factored into the LUTE EIR analysis.
  
  - B. Adoption of the West Oakland Redevelopment Plan and Certification of the EIR: The City finds and determines that (a) the Oakland City Council on November 8, 2003 adopted Resolution No. 2003-69 C.M.S. which adopted the West Oakland Redevelopment Plan for the Project Area and made appropriate CEQA findings including certification of the West Oakland Redevelopment Plan EIR; and (b) the West Oakland Redevelopment Plan EIR satisfies the designation of a "Program EIR" under CEQA guidelines Section 15180, as such subsequent activities are subject to requirements under CEQA Section 15168. The City Council, in adopting the West Oakland Redevelopment Plan following a public hearing, approved applicable mitigation measures and determined that the uniformly applicable development policies or standards, together with the mitigation measures set out in the West Oakland Redevelopment Plan EIR would substantially mitigate the impacts of the West Oakland Redevelopment Plan and future projects thereunder.

- III. CEQA Analysis Document: The CEQA Analysis and all of its findings, determinations and information is hereby incorporated by reference as if fully set forth herein. The CEQA Analysis concluded that the Project satisfies each of the following CEQA provisions, qualifying the Project for four separate CEQA statutory exemptions and a CEQA categorical exemption as summarized below and provides substantial evidence to support the following findings.

The City hereby finds that, as set forth below and as part of the CEQA Analysis, the Project is exempt from any additional CEQA Analysis under the "Community Plan Exemption" of Public Resources Code section 21083.3 (CEQA Guidelines §15183) and/or the "Qualified Infill Exemption" under Public Resources section 21094.5 (CEQA Guidelines §15183.3) and/or the "Redevelopment Projects" under Public Resources Code section 21090 (CEQA Guidelines §15180) and/or the "Infill Exemption" under Public Resources section 21084 (CEQA Guidelines §15332), thus no additional environmental analysis beyond the CEQA Analysis is necessary. The specific statutory exemptions and the categorical exemption are discussed below in more detail.

- A. Community Plan Exemption; Public Resources Code Section 21083.3 (CEQA Guidelines §15183): The City finds and determines that, for the reasons set out below and in the CEQA Analysis, the Community Plan Exemption applies to the Project. Therefore, no further environmental analysis is required because all of the Project's effects on the environment were adequately analyzed and mitigation measures provided in the 1998 LUTE EIR for the overall project (collectively called "Previous CEQA Documents"); there are no significant effects on the environment which are peculiar to the Project or to the parcel upon which it is located not addressed and mitigated in the Previous CEQA Documents; and there is no new information showing that any of the effects shall be more significant than described in the Previous CEQA Documents.

As set out in detail in the attached CEQA Analysis, the City finds that, pursuant to CEQA Guidelines section 15183 and Public Resources Code section 21083.3, the Project is consistent with the development density analyzed in the Previous CEQA Documents and that there are no environmental effects of the Project peculiar to the Project or the Project Site which were not analyzed as significant effects in the Previous CEQA Documents, nor are there potentially significant off-site impacts and cumulative impacts not discussed in the Previous CEQA Documents; nor are any of the previously identified significant effects which, as a result of substantial information not known at the time of certification of the Previous CEQA Documents, are now determined to present a more severe adverse impact than discussed in the Previous CEQA Documents. As such, no further analysis of the environmental effects of the Project is required.

- B. Qualified Infill Exemption; Public Resources Code Section 21094.5 (CEQA Guidelines §15183.3): The City finds and determines that, for the reasons set forth below and in the CEQA Analysis, a Qualified Infill Exemption applies to the Project and no further environmental analysis is required since all the Project's effects on the environment were adequately analyzed and mitigation measures provided in the Previous CEQA Documents; the Project will cause no new specific effects not addressed in the Previous CEQA Documents that are specific to the Project or the Project Site; and there is no substantial new information showing that the adverse environmental effects of the Project are more significant than described in the Previous CEQA Documents.

The City finds that, pursuant to CEQA Guidelines section 15183.3, the CEQA Analysis contains in Attachment C a written analysis consistent with Appendix M to the CEQA Guidelines examining whether the Project will cause any effects that require additional review under CEQA. The contents of Attachment C documents that the Project is located in an urban area satisfying the requirements of CEQA Guidelines section 15183.3 and satisfies the applicable performance standards set forth in Appendix M to the CEQA Guidelines. It also explains how the effects of the Project were



analyzed in the Previous CEQA Documents; and indicates that the Project incorporates all applicable mitigation measures and SCAs from the Previous CEQA Documents. Attachment C also determines that the Project will cause no new specific effects not analyzed in the Previous CEQA Documents; determines that there is no substantial new information showing that the adverse environmental effects of the Project are more significant than described in the Previous CEQA Documents, determines that the Project will not cause new specific effects or more significant effects, and documents how uniformly applicable development policies or standards (including, without limitation, the SCAs) will mitigate environmental effects of the Project. Based upon the CEQA Analysis and other substantial evidence in the record, the City finds and determines that no further environmental analysis of the effects of the Project is required.

- C. Program EIRs and Redevelopment Projects (CEQA Guidelines §15168 and § 15180): The City finds and determines that for the reasons set forth below and in the CEQA Analysis, that the 2003 Redevelopment Plan EIR applies to the Project and no further environmental analysis is required since all the Project's effects on the environment were adequately analyzed and mitigation measures provided in the 2003 Redevelopment Plan EIR; the Project will cause no new specific effects not addressed in the 2003 Redevelopment Plan EIR that are specific to the Project or the Project Site; and there is no substantial new information showing that the adverse environmental effects of the Project are more significant than described in the 2003 Redevelopment Plan EIR.
- D. CEQA Analysis-Addendum; Public Resources Code Section 21166 (CEQA Guidelines §15162 and §15164): The City finds and determines that the CEQA Analysis constitutes an Addendum to the 2014 WOSP (West Oakland Specific Plan) EIR and that no additional environmental analysis of the Project beyond that contained in the 2014 EIR is necessary. The City further finds that no substantial changes are proposed in the Project that would require major revisions to the 2014 EIR because of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; no substantial changes occur with respect to the circumstances under which the Project will be undertaken which will require major revisions of the 2014 EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and there is no new information of substantial importance not known and which could not have been known with the exercise of reasonable diligence as of the time of certification of the 2014 EIR showing that the Project will have one or more significant effects not discussed in the 2014 EIR; significant effects previously examined will be substantially more severe than shown in the 2014 EIR, mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the Project; or mitigation measures or alternatives which are considerably different from those analyzed in the 2014 EIR would substantially reduce one or more significant effects on the environment.

Based on these findings and determinations, the City further finds that no 'Subsequent or Supplemental EIR or additional environmental analysis shall be required because of the Project. The City has considered the CEQA Analysis along with the 2014 EIR prior to making its decision on the Project and a discussion is set out in the CEQA Analysis explaining the City's decision not to prepare a Subsequent or Supplemental EIR pursuant to Guidelines sections 15162 and/or 15163.

- E. Infill Exemption under Public Resources Section 21084 (CEQA Guidelines §15332): The City finds and determines that for the reasons set forth in the CEQA Analysis, that the Project is consistent with CEQA Guidelines section 15332 and that no exceptions apply to the Project (per CEQA Guidelines Section 15300.2). Specifically, the Project (a) is consistent with applicable general plan policies and zoning designations; (b) occurs within a project site smaller than five acres and is substantially surrounded by urban uses; (c) has no value as habitat for endangered, rare or threatened species; (d) would not result in any significant effects relating to traffic, noise, air

quality, or water quality; and (e) is located on a site that can be adequately served by all required utilities and public services. In addition, none of the specific exceptions to CEQA categorical exemptions (CEQA Guidelines Section 15300.2) are applicable to the Project.

- IV. Severability: The City finds that all five CEQA provisions discussed and determined to be applicable in Section III above are separately and independently applicable to the consideration of the Project and should any of the five be determined not to be so applicable, such determinations shall have no effect on the validity of these findings and the approval of the Project on any of the other grounds.
- V. Incorporation by Reference of Statement of Overriding Considerations: Each of the Previous CEQA Documents identified significant and unavoidable impacts.<sup>1</sup> The 1998 LUTE EIR identified six areas of environmental effects of the LUTE that presented significant and unavoidable impacts; and the Redevelopment Plan EIR identified four areas of environmental effects of the Redevelopment Plan that presented significant and unavoidable impacts. Because the Project may contribute to some significant and unavoidable impacts identified in the Previous CEQA Documents identified above, but a Subsequent and/or Supplemental EIR is not required in accordance with CEQA Guidelines sections 15162, 15163, 15164, 15168, 15180, 15183 and 15183.3, a Statement of Overriding Considerations is not legally required. Nevertheless, in the interest of being conservative, the Statements of Overriding Consideration for the 1998 LUTE EIR, adopted by the City Council on March 24, 1998, via Resolution No. 74129 C.M.S; and for the Redevelopment Plan EIR, adopted by the City Council on November 8, 2003, via Resolution No. 2003-69 C.M.S are all hereby incorporated by reference as if fully set forth herein.

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<sup>1</sup> If these or any other findings inaccurately identify or fail to list a significant and unavoidable impact identified in the analysis, findings and conclusions of the 1988 LUTE EIR or the Redevelopment Plan Amendments EIR or their administrative records as a whole, the identification of that impact and any mitigation measure or SCA required to be implemented as part of the Project is not affected.

# Attachment B

## CONDITIONS OF APPROVAL

1. **Approved Use**

The project shall be constructed and operated in accordance with the authorized use as described in the approved application materials, and the revised and approved plans received on December 1, 2017, as amended by the following conditions of approval and mitigation measures, if applicable (“Conditions of Approval” or “Conditions”).

2. **Effective Date, Expiration, Extensions and Extinguishment**

This Approval shall become effective immediately, unless the Approval is appealable, in which case the Approval shall become effective in ten calendar days unless an appeal is filed. Unless a different termination date is prescribed, this Approval shall expire within two (2) years from the Approval date, or from the date of the final decision in the event of an appeal, unless within such period all necessary permits for construction or alteration have been issued, or the authorized activities have commenced in the case of a permit not involving construction or alteration. Upon written request and payment of appropriate fees submitted no later than the expiration date of this Approval, the Director of City Planning or designee may grant a one-year extension of this date, with additional extensions subject to approval by the approving body. Expiration of any necessary building permit or other construction-related permit for this project may invalidate this Approval if said Approval has also expired. If litigation is filed challenging this Approval, or its implementation, then the time period stated above for obtaining necessary permits for construction or alteration and/or commencement of authorized activities is automatically extended for the duration of the litigation.

3. **Compliance with Other Requirements**

The project applicant shall comply with all other applicable federal, state, regional, and local laws/codes, requirements, regulations, and guidelines, including but not limited to those imposed by the City’s Bureau of Building, Fire Marshal, and Public Works Department. Compliance with other applicable requirements may require changes to the approved use and/or plans. These changes shall be processed in accordance with the procedures contained in Condition #4.

4. **Minor and Major Changes**

- a. Minor changes to the approved project, plans, Conditions, facilities, or use may be approved administratively by the Director of City Planning.
- b. Major changes to the approved project, plans, Conditions, facilities, or use shall be reviewed by the Director of City Planning to determine whether such changes require submittal and approval of a revision to the Approval by the original approving body or a new independent permit/approval. Major revisions shall be reviewed in accordance with the procedures required for the original permit/approval. A new independent permit/approval shall be reviewed in accordance with the procedures required for the new permit/approval.

5. **Compliance with Conditions of Approval**

- a. The project applicant and property owner, including successors, (collectively referred to hereafter as the “project applicant” or “applicant”) shall be responsible for compliance with all the Conditions of Approval and any recommendations contained in any submitted and approved

technical report at his/her sole cost and expense, subject to review and approval by the City of Oakland.

- b. The City of Oakland reserves the right at any time during construction to require certification by a licensed professional at the project applicant's expense that the as-built project conforms to all applicable requirements, including but not limited to, approved maximum heights and minimum setbacks. Failure to construct the project in accordance with the Approval may result in remedial reconstruction, permit revocation, permit modification, stop work, permit suspension, or other corrective action.
- c. Violation of any term, Condition, or project description relating to the Approval is unlawful, prohibited, and a violation of the Oakland Municipal Code. The City of Oakland reserves the right to initiate civil and/or criminal enforcement and/or abatement proceedings, or after notice and public hearing, to revoke the Approval or alter these Conditions if it is found that there is violation of any of the Conditions or the provisions of the Planning Code or Municipal Code, or the project operates as or causes a public nuisance. This provision is not intended to, nor does it, limit in any manner whatsoever the ability of the City to take appropriate enforcement actions. The project applicant shall be responsible for paying fees in accordance with the City's Master Fee Schedule for inspections conducted by the City or a City-designated third-party to investigate alleged violations of the Approval or Conditions.

**6. Signed Copy of the Approval/Conditions**

A copy of the Approval letter and Conditions shall be signed by the project applicant, attached to each set of permit plans submitted to the appropriate City agency for the project, and made available for review at the project job site at all times.

**7. Blight/Nuisances**

The project site shall be kept in a blight/nuisance-free condition. Any existing blight or nuisance shall be abated within 60 days of approval, unless an earlier date is specified elsewhere.

**8. Indemnification**

- a. To the maximum extent permitted by law, the project applicant shall defend (with counsel acceptable to the City), indemnify, and hold harmless the City of Oakland, the Oakland City Council, the Oakland Redevelopment Successor Agency, the Oakland City Planning Commission, and their respective agents, officers, employees, and volunteers (hereafter collectively called "City") from any liability, damages, claim, judgment, loss (direct or indirect), action, causes of action, or proceeding (including legal costs, attorneys' fees, expert witness or consultant fees, City Attorney or staff time, expenses or costs) (collectively called "Action") against the City to attack, set aside, void or annul this Approval or implementation of this Approval. The City may elect, in its sole discretion, to participate in the defense of said Action and the project applicant shall reimburse the City for its reasonable legal costs and attorneys' fees.
- b. Within ten (10) calendar days of the filing of any Action as specified in subsection (a) above, the project applicant shall execute a Joint Defense Letter of Agreement with the City, acceptable to the Office of the City Attorney, which memorializes the above obligations. These obligations and the Joint Defense Letter of Agreement shall survive termination, extinguishment, or invalidation of the Approval. Failure to timely execute the Letter of Agreement does not relieve the project applicant of any of the obligations contained in this Condition or other requirements or Conditions of Approval that may be imposed by the City.

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9. **Severability**

The Approval would not have been granted but for the applicability and validity of each and every one of the specified Conditions, and if one or more of such Conditions is found to be invalid by a court of competent jurisdiction this Approval would not have been granted without requiring other valid Conditions consistent with achieving the same purpose and intent of such Approval.

10. **Special Inspector/Inspections, Independent Technical Review, Project Coordination and Monitoring**

The project applicant may be required to cover the full costs of independent third-party technical review and City monitoring and inspection, including without limitation, special inspector(s)/inspection(s) during times of extensive or specialized plan-check review or construction, and inspections of potential violations of the Conditions of Approval. The project applicant shall establish a deposit with the Bureau of Building, if directed by the Building Official, Director of City Planning, or designee, prior to the issuance of a construction-related permit and on an ongoing as-needed basis.

11. **Public Improvements**

The project applicant shall obtain all necessary permits/approvals, such as encroachment permits, obstruction permits, curb/gutter/sidewalk permits, and public improvement ("p-job") permits from the City for work in the public right-of-way, including but not limited to, streets, curbs, gutters, sidewalks, utilities, and fire hydrants. Prior to any work in the public right-of-way, the applicant shall submit plans for review and approval by the Bureau of Planning, the Bureau of Building, and other City departments as required. Public improvements shall be designed and installed to the satisfaction of the City.

12. **Compliance Matrix**

The project applicant shall submit a Compliance Matrix, in both written and electronic form, for review and approval by the Bureau of Planning and the Bureau of Building that lists each Condition of Approval (including each mitigation measure if applicable) in a sortable spreadsheet. The Compliance Matrix shall contain, at a minimum, each required Condition of Approval, when compliance with the Condition is required, and the status of compliance with each Condition. For multi-phased projects, the Compliance Matrix shall indicate which Condition applies to each phase. The project applicant shall submit the initial Compliance Matrix prior to the issuance of the first construction-related permit and shall submit an updated matrix upon request by the City.

13. **Construction Management Plan**

Prior to the issuance of the first construction-related permit, the project applicant and his/her general contractor shall submit a Construction Management Plan (CMP) for review and approval by the Bureau of Planning, Bureau of Building, and other relevant City departments such as the Fire Department and the Public Works Department as directed. The CMP shall contain measures to minimize potential construction impacts including measures to comply with all construction-related Conditions of Approval (and mitigation measures if applicable) such as dust control, construction emissions, hazardous materials, construction days/hours, construction traffic control, waste reduction and recycling, stormwater pollution prevention, noise control, complaint management, and cultural resource management (see applicable Conditions below). The CMP shall provide project-specific information including descriptive procedures, approval documentation, and drawings (such as a site logistics plan, fire safety plan, construction phasing plan, proposed truck routes, traffic control plan, complaint management plan, construction worker parking plan, and litter/debris clean-up plan) that specify how potential construction impacts will be minimized and how each construction-related requirement will be satisfied throughout construction of the project.

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14. **Standard Conditions of Approval / Mitigation Monitoring and Reporting Program (SCAMMRP)**

- a. All mitigation measures identified in the 0 Mandela Parkway project CEQA Analysis Document are included in the Standard Condition of Approval / Mitigation Monitoring and Reporting Program (SCAMMRP) which is included in these Conditions of Approval and are incorporated herein by reference, as Attachment C, as Conditions of Approval of the project. The Standard Conditions of Approval identified in the 0 Mandela Parkway project CEQA Analysis Document are also included in the SCAMMRP, and are, therefore, incorporated into these Conditions by reference but are not repeated in these Conditions. To the extent that there is any inconsistency between the SCAMMRP and these Conditions, the more restrictive Conditions shall govern. In the event a Standard Condition of Approval or mitigation measure recommended in the 0 Mandela Parkway project CEQA Analysis Document has been inadvertently omitted from the SCAMMRP, that Standard Condition of Approval or mitigation measure is adopted and incorporated from the 0 Mandela Parkway project CEQA Analysis Document into the SCAMMRP by reference, and adopted as a Condition of Approval. The project applicant and property owner shall be responsible for compliance with the requirements of any submitted and approved technical reports, all applicable mitigation measures adopted, and with all Conditions of Approval set forth herein at his/her sole cost and expense, unless otherwise expressly provided in a specific mitigation measure or Condition of Approval, and subject to the review and approval by the City of Oakland. The SCAMMRP identifies the timeframe and responsible party for implementation and monitoring for each Standard Condition of Approval and mitigation measure. Monitoring of compliance with the Standard Conditions of Approval and mitigation measures will be the responsibility of the Bureau of Planning and the Bureau of Building, with overall authority concerning compliance residing with the Environmental Review Officer. Adoption of the SCAMMRP will constitute fulfillment of the CEQA monitoring and/or reporting requirement set forth in section 21081.6 of CEQA.
- b. Prior to the issuance of the first construction-related permit, the project applicant shall pay the applicable mitigation and monitoring fee to the City in accordance with the City's Master Fee Schedule.

**Project Specific Conditions**

15. **Job Local Hiring Recruitment**

**Prior to issuance of a demolition, grading, or building permit to construct / Ongoing**

The applicant shall submit to the City Zoning Manager and Economic Development Manager a written proposal for review that reflects efforts to participate in a job fair that advertises job openings to local Oakland residents qualified for hotel hiring.

16. **Recommendations by Project Transportation Consultant and Incorporated as Conditions of Approval / Ongoing**

**Recommendation 1 (Subject to City review and approval):**

- If the parking garage would be accessible to the public, ensure adequate space is provided for turn-around at the end of the dead-end drive aisle on the second level.

**Recommendation 2 (subject to City review and approval):**

- Provide “KEEP CLEAR” pavement markings on the existing driveway to ensure motorists turning into and out of the project site do not conflict with vehicles queueing on the existing driveway to turn onto Mandela Parkway (See **Figure 1** of the November 29, 2017 Fehr & Peers analysis).
- Ensure landscaping in the median along Mandela Parkway is maintained to provide adequate sight lines for left turning vehicles.

**Recommendation 3 (subject to City review and approval):**

- Consider relocating long-term bicycle parking to a more convenient location on the ground level.

**Recommendation 4 (subject to City review and approval):**

- Ensure proposed landscaping at the two project driveways would not limit the sight distance between exiting motorists and pedestrians along Mandela Parkway.
- Provide truncated domes at the south side of the Mandela Parkway/Horton Street intersection.

**Recommendation 5 (subject to City review and approval):**

- Improve the crosswalk striping per City Standards.
- Improve all curb ramps to provide directional curb ramps (two per corner) per City Standards.
- Update traffic paving markings, signage, and others as needed per City Standards.
- Study the feasibility and if feasible, install a stop-sign on the northbound approach (Best Buy) of the intersection.

**17. Public Art for Private Development Condition of Approval**

***Prior to issuance of Final Certificate of Occupancy and Ongoing***

The project is subject to the City’s Public Art Requirements for Private Development, adopted by Ordinance No. 13275 C.M.S. (“Ordinance”). The public art contribution requirements are equivalent to one percent (1.0%) for the “non-residential” building development costs. The contribution requirement can be met through the commission or acquisition and installation of publicly accessible art fund, or satisfaction of alternative compliance methods described in the Ordinance. The applicant shall provide proof of full payment of the in-lieu contribution, or provide proof of installation of artwork on the development site prior to the City’s issuance of a final certificate of occupancy for each phase unless a separate, legal binding instrument is executed ensuring compliance within a timely manner subject to City approval. On-site art installation shall be designed by independent artists, or artists working in conjunction with arts or community organizations that are verified by the City to either hold a valid Oakland business license and/or be an Oakland-based 501(c) (3) tax designated organization in good standing.

**18. Screening of PG&E Transformers, Utility Meters, HVAC and other Equipment**

***Prior to issuance of a demolition, grading or building permit/Ongoing***

The applicant shall submit plans for City review and approval that show within the property and not within the public right-of-way the placement and details for screening from public view all exterior PG&E transformers, utility meters, HVAC and related equipment.

19. Trash and Recyclable Containers Odor Control/Loading Area

*Ongoing*

The trash and recycling containers shall be kept and maintained and placed away from public view, except for during regular service pick up dates. The applicant shall sweep around these containers and the loading commercial area daily, and use power-generated steam equipment in this area once weekly or as often as required.

20. Installation of New Paving Materials for Driveway

*Prior to issuance of a demolition, grading or building permit/Ongoing*

The applicant shall submit detail plans for City review and approval that shows the use of interesting and quality paving materials for the portion of the new driveway that leads to the hotel lobby and porte-cochere including the pedestrian entry pathway from the street.

PLANNING COMMISSION-Additional Conditions of Approval

21. Design Review Committee

*Prior to issuance of a demolition, grading or building permit*

The applicant or hotel operator-owner shall submit revised design plans for further review by the Design Review Committee at a future meeting. The revised plans shall show revisions per the Planning Commission comments.

**Applicant Statement**

I have read and accept responsibility for the Conditions of Approval. I agree to abide by and conform to the Conditions of Approval, as well as to all provisions of the Oakland Planning Code and Oakland Municipal Code pertaining to the project.

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Name of Project Applicant

**PLANNING FILE: PLN16394**



# ATTACHMENT C

## STANDARD CONDITIONS OF APPROVAL AND MITIGATION MONITORING AND REPORTING PROGRAM

This standard Conditions of Approval and Mitigation Monitoring and Reporting Program (SCA/MMRP) is based on CEQA Analysis prepared for the 0 Mandela Parkway Project.

These SCAs are incorporated into projects as conditions of approval, regardless of the determination of a project's environmental impacts. As applicable, the SCAs are adopted as requirements of an individual project when it is approved by the City, and are designed to, and will, avoid or substantially reduce a project's environmental effects.

In reviewing project applications, the City determines which SCAs apply based upon the zoning district, community plan, and the type of permits/approvals required for the project. Depending on the specific characteristics of the project type and/or project site, the City will determine which SCAs apply to a specific project. Because these SCAs are mandatory City requirements imposed on a city-wide basis, environmental analyses assume that these SCAs will be imposed and implemented by the project, and are not imposed as mitigation measures under CEQA.

All SCAs identified in the CEQA Analysis—which is consistent with the measures and conditions presented in the City of Oakland General Plan, Land Use and Transportation EIR (LUTE EIR, 1998)—are included herein. To the extent that any SCA identified in the CEQA Analysis was inadvertently omitted, it is automatically incorporated herein by reference.

- The first column identifies the SCA applicable to that topic in the CEQA Analysis.
- The second column identifies the monitoring schedule or timing applicable to the project.
- The third column names the party responsible for monitoring the required action for the project.

In addition to the SCAs identified and discussed in the CEQA Analysis, other SCAs that are applicable to the project are included herein.

The project sponsor is responsible for compliance with any recommendations in approved technical reports and with all SCAs set forth herein at its sole cost and expense, unless otherwise expressly provided in a specific SCA, and subject to the review and approval of the City of Oakland. Overall monitoring and compliance with the SCAs will be the responsibility of the Planning and Zoning Division. Prior to the issuance of a demolition, grading, and/or construction permit, the project sponsor shall pay the applicable mitigation and monitoring fee to the City in accordance with the City's Master Fee Schedule.

Note that the SCAs included in this document are referred to using an abbreviation for the environmental topic area and are numbered sequentially for each topic area—i.e., **SCA-AIR-1**, **SCA-AIR-2**, etc. The SCA title and the SCA number that corresponds to the City's master SCA list are also provided—i.e., **SCA-AIR-1: Construction-Related Air Pollution (Dust and Equipment Emissions) (#19)**.

**PLANNING FILE: PLN16394**

Table 4. City of Oakland Standard SCAs Required for the Project

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<i>Aesthetics, Shadow, and Wind</i>			
<p>SCA-AES-1: Graffiti Control. (#16)</p> <p>a. During construction and operation of the project, the project applicant shall incorporate best management practices reasonably related to the control of graffiti and/or the mitigation of the impacts of graffiti. Such best management practices may include, without limitation:</p> <ul style="list-style-type: none"> <li>i. Installation and maintenance of landscaping to discourage defacement of and/or protect likely graffiti-attracting surfaces.</li> <li>ii. Installation and maintenance of lighting to protect likely graffiti-attracting surfaces.</li> <li>iii. Use of paint with anti-graffiti coating.</li> <li>iv. Incorporation of architectural or design elements or features to discourage graffiti defacement in accordance with the principles of Crime Prevention Through Environmental Design (CPTED).</li> <li>v. Other practices approved by the City to deter, protect, or reduce the potential for graffiti defacement.</li> </ul> <p>b. The project applicant shall remove graffiti by appropriate means within seventy-two (72) hours. Appropriate means include:</p> <ul style="list-style-type: none"> <li>i. Removal through scrubbing, washing, sanding, and/or scraping (or similar method) without damaging the surface and without discharging wash water or cleaning detergents into the City storm drain system.</li> <li>ii. Covering with new paint to match the color of the surrounding surface.</li> <li>iii. Replacing with new surfacing (with City permits if required).</li> </ul>	Ongoing	N/A	Bureau of Building

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p><b>SCA-AES-2: Landscape Plan. (#17)</b></p> <p><i>a. Landscape Plan Required</i></p> <p>The project applicant shall submit a final Landscape Plan for City review and approval that is consistent with the approved Landscape Plan. The Landscape Plan shall be included with the set of drawings submitted for the construction-related permit and shall comply with the landscape requirements of chapter 17.124 of the Planning Code.</p> <p><i>b. Landscape Installation</i></p> <p>The project applicant shall implement the approved Landscape Plan unless a bond, cash deposit, letter of credit, or other equivalent instrument acceptable to the Director of City Planning, is provided. The financial instrument shall equal the greater of \$2,500 or the estimated cost of implementing the Landscape Plan based on a licensed contractor's bid.</p> <p><i>c. Landscape Maintenance</i></p> <p>All required planting shall be permanently maintained in good growing condition and, whenever necessary, replaced with new plant materials to ensure continued compliance with applicable landscaping requirements. The property owner shall be responsible for maintaining planting in adjacent public rights-of-way. All required fences, walls, and irrigation systems shall be permanently maintained in good condition and, whenever necessary, repaired or replaced.</p>	<p>Prior to approval of construction-related permit</p> <p>Prior to building permit final</p> <p>Ongoing</p>	<p>Bureau of Planning</p> <p>Bureau of Planning</p> <p>N/A</p>	<p>N/A</p> <p>Bureau of Building</p> <p>Bureau of Building</p>
<p><b>SCA-AES-3: Lighting. (#18)</b></p> <p>Proposed new exterior lighting fixtures shall be adequately shielded to a point below the light bulb and reflector to prevent unnecessary glare onto adjacent properties.</p>	<p>Prior to building permit final</p>	<p>N/A</p>	<p>Bureau of Building</p>
<b>Air Quality</b>			
<p><b>SCA-AIR-1: Construction-Related Air</b></p>	<p>During</p>	<p>N/A</p>	<p>Bureau of</p>

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p data-bbox="244 226 817 294"><b>Pollution Controls (Dust and Equipment Emissions). (#19)</b></p> <p data-bbox="214 310 776 420">The project applicant shall implement all of the following applicable air pollution control measures during construction of the project:</p> <ol data-bbox="214 436 809 1837" style="list-style-type: none"> <li>a. Water all exposed surfaces of active construction areas at least twice daily. Watering should be sufficient to prevent airborne dust from leaving the site. Increased watering frequency may be necessary whenever wind speeds exceed 15 miles per hour. Reclaimed water should be used whenever feasible.</li> <li>b. Cover all trucks hauling soil, sand, and other loose materials or require all trucks to maintain at least two feet of freeboard (i.e., the minimum required space between the top of the load and the top of the trailer).</li> <li>c. All visible mud or dirt track-out onto adjacent public roads shall be removed using wet power vacuum street sweepers at least once per day. The use of dry power sweeping is prohibited.</li> <li>d. Pave all roadways, driveways, sidewalks, etc. within one month of site grading or as soon as feasible. In addition, building pads should be laid within one month of grading or as soon as feasible unless seeding or soil binders are used.</li> <li>e. Enclose, cover, water twice daily, or apply (non-toxic) soil stabilizers to exposed stockpiles (dirt, sand, etc.).</li> <li>f. Limit vehicle speeds on unpaved roads to 15 miles per hour.</li> <li>g. Idling times on all diesel-fueled commercial vehicles over 10,000 lbs. shall be minimized either by shutting equipment off when not in use or reducing the maximum idling time to five minutes (as required by the California airborne toxics control measure Title 13,</li> </ol>	<p data-bbox="850 226 999 262">construction</p>		<p data-bbox="1255 226 1362 262">Planning</p>

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>Section 2485, of the California Code of Regulations). Clear signage to this effect shall be provided for construction workers at all access points.</p> <p>h. Idling times on all diesel-fueled off-road vehicles over 25 horsepower shall be minimized either by shutting equipment off when not in use or reducing the maximum idling time to five minutes and fleet operators must develop a written policy as required by Title 23, Section 2449, of the California Code of Regulations (“California Air Resources Board Off-Road Diesel Regulations”).</p> <p>i. All construction equipment shall be maintained and properly tuned in accordance with the manufacturer’s specifications. All equipment shall be checked by a certified mechanic and determined to be running in proper condition prior to operation.</p> <p>j. Portable equipment shall be powered by electricity if available. If electricity is not available, propane or natural gas shall be used if feasible. Diesel engines shall only be used if electricity is not available and it is not feasible to use propane or natural gas.</p> <p>k. All exposed surfaces shall be watered at a frequency adequate to maintain minimum soil moisture of 12 percent. Moisture content can be verified by lab samples or moisture probe.</p> <p>l. All excavation, grading, and demolition activities shall be suspended when average wind speeds exceed 20 mph.</p> <p>m. Install sandbags or other erosion control measures to prevent silt runoff to public roadways.</p> <p>n. Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (previously graded areas inactive for one month or more).</p> <p>o. Designate a person or persons to monitor the</p>			

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>dust control program and to order increased watering, as necessary, to prevent transport of dust offsite. Their duties shall include holidays and weekend periods when work may not be in progress.</p> <p>p. Install appropriate wind breaks (e.g., trees, fences) on the windward side(s) of actively disturbed areas of the construction site to minimize wind blown dust. Wind breaks must have a maximum 50 percent air porosity.</p> <p>q. Vegetative ground cover (e.g., fast-germinating native grass seed) shall be planted in disturbed areas as soon as possible and watered appropriately until vegetation is established.</p> <p>r. Activities such as excavation, grading, and other ground-disturbing construction activities shall be phased to minimize the amount of disturbed surface area at any one time.</p> <p>s. All trucks and equipment, including tires, shall be washed off prior to leaving the site.</p> <p>t. Site accesses to a distance of 100 feet from the paved road shall be treated with a 6 to 12 inch compacted layer of wood chips, mulch, or gravel.</p> <p>u. All equipment to be used on the construction site and subject to the requirements of Title 13, Section 2449, of the California Code of Regulations ("California Air Resources Board Off-Road Diesel Regulations") must meet emissions and performance requirements one year in advance of any fleet deadlines. Upon request by the City, the project applicant shall provide written documentation that fleet requirements have been met.</p> <p>v. Use low VOC (i.e., ROG) coatings beyond the local requirements (i.e., BAAQMD Regulation 8, Rule 3: Architectural Coatings).</p> <p>w. All construction equipment, diesel trucks, and</p>			

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Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>generators shall be equipped with Best Available Control Technology for emission reductions of NOx and PM.</p> <p>x. Off-road heavy diesel engines shall meet the California Air Resources Board's most recent certification standard.</p> <p>y. Post a publicly-visible large on-site sign that includes the contact name and phone number for the project complaint manager responsible for responding to dust complaints and the telephone numbers of the City's Code Enforcement unit and the Bay Area Air Quality Management District. When contacted, the project complaint manager shall respond and take corrective action within 48 hours.</p>			
<p><b>SCA-AIR-2: Exposure to Air Pollution (Toxic Air Contaminants). (#20)</b></p> <p><i>a. Health Risk Reduction Measures</i></p> <p>The project applicant shall incorporate appropriate measures into the project design in order to reduce the potential health risk due to exposure to toxic air contaminants. The project applicant shall choose one of the following methods:</p>	<p>Prior to Approval of Construction-Related Permit</p>	<p>Bureau of Planning</p>	<p>Bureau of Building</p>

i. The project applicant shall retain a qualified air quality consultant to prepare a Health Risk Assessment (HRA) in accordance with California Air Resources Board (CARB) and Office of Environmental Health and Hazard Assessment requirements to determine the health risk of exposure of project residents/occupants/users to air pollutants. The HRA shall be submitted to the City for review and approval. If the HRA concludes that the health risk is at or below acceptable levels, then health risk reduction measures are not required. If the HRA concludes that the health risk exceeds acceptable levels, health risk reduction measures shall be identified to reduce the health risk to acceptable levels. Identified risk reduction measures shall be submitted to the City for review and approval and be included on the project drawings submitted for the construction-related permit or on other documentation submitted to the City.

– or –

ii. The project applicant shall incorporate the following health risk reduction measures into the project. These features shall be submitted to the City for review and approval and be included on the project drawings submitted for the construction-related permit or on other documentation submitted to the City:

- Installation of air filtration to reduce cancer risks and Particulate Matter (PM) exposure for residents and other sensitive populations in the project that are in close proximity to sources of air pollution. Air filter devices shall be rated MERV-13 or higher. As part of implementing this measure, an ongoing maintenance plan for the building's HVAC air filtration system shall be required.
- Where appropriate, install passive electrostatic filtering systems, especially those with low air velocities (i.e., 1 mph).
- Phasing of residential developments when proposed within 500 feet of freeways such that homes nearest the



Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>freeway are built last, if feasible.</p> <ul style="list-style-type: none"> <li>• The project shall be designed to locate sensitive receptors as far away as feasible from the source(s) of air pollution. Operable windows, balconies, and building air intakes shall be located as far away from these sources as feasible. If near a distribution center, residents shall be located as far away as feasible from a loading dock or where trucks concentrate to deliver goods.</li> <li>• Sensitive receptors shall be located on the upper floors of buildings, if feasible.</li> <li>• Planting trees and/or vegetation between sensitive receptors and pollution source, if feasible. Trees that are best suited to trapping PM shall be planted, including one or more of the following: Pine (<i>Pinus nigra</i> var. <i>maritima</i>), Cypress (<i>x Cupressocyparis leylandii</i>), Hybrid poplar (<i>Populus deltoids x trichocarpa</i>), and Redwood (<i>Sequoia sempervirens</i>).</li> <li>• Sensitive receptors shall be located as far away from truck activity areas, such as loading docks and delivery areas, as feasible.</li> <li>• Existing and new diesel generators shall meet CARB's Tier 4 emission standards, if feasible.</li> <li>• Emissions from diesel trucks shall be reduced through implementing the following measures, if feasible:</li> <li>• Installing electrical hook-ups for diesel trucks at loading docks.</li> <li>• Requiring trucks to use Transportation Refrigeration Units (TRU) that meet Tier 4 emission standards.</li> <li>• Requiring truck-intensive projects to use advanced exhaust technology (e.g.,</li> </ul>			

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>hybrid) or alternative fuels.</p> <ul style="list-style-type: none"> <li>• Prohibiting trucks from idling for more than two minutes.</li> <li>• Establishing truck routes to avoid sensitive receptors in the project. A truck route program, along with truck calming, parking, and delivery restrictions, shall be implemented.</li> </ul>			
<p><i>b. Maintenance of Health Risk Reduction Measures</i></p> <p>The project applicant shall maintain, repair, and/or replace installed health risk reduction measures, including but not limited to the HVAC system (if applicable), on an ongoing and as-needed basis. Prior to occupancy, the project applicant shall prepare and then distribute to the building manager/operator an operation and maintenance manual for the HVAC system and filter including the maintenance and replacement schedule for the filter.</p>	Ongoing	N/A	Bureau of Building
<p><b>SCA-AIR-3: Stationary Sources of Air Pollution (Toxic Air Contaminants). (#21)</b></p> <p>The project applicant shall incorporate appropriate measures into the project design in order to reduce the potential health risk due to on-site stationary sources of toxic air contaminants.</p> <p>The project applicant shall choose one of the following methods:</p>	Prior to approval of construction-related permit	Bureau of Planning	Bureau of Building

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>a. The project applicant shall retain a qualified air quality consultant to prepare a Health Risk Assessment (HRA) in accordance with California Air Resources Board (CARB) and Office of Environmental Health and Hazard Assessment requirements to determine the health risk associated with proposed stationary sources of pollution in the project. The HRA shall be submitted to the City for review and approval. If the HRA concludes that the health risk is at or below acceptable levels, then health risk reduction measures are not required. If the HRA concludes the health risk exceeds acceptable levels, health risk reduction measures shall be identified to reduce the health risk to acceptable levels. Identified risk reduction measures shall be submitted to the City for review and approval and be included on the project drawings submitted for the construction-related permit or on other documentation submitted to the City.</p> <p>- or -</p> <p>b. The project applicant shall incorporate the following health risk reduction measures into the project. These features shall be submitted to the City for review and approval and be included on the project drawings submitted for the construction-related permit or on other documentation submitted to the City:</p> <ul style="list-style-type: none"> <li>i. Installation of non-diesel fueled generators, if feasible, or;</li> <li>ii. Installation of diesel generators with an EPA-certified Tier 4 engine or engines that are retrofitted with a CARB Level 3 Verified Diesel Emissions Control Strategy, if feasible.</li> </ul>			
<b>Cultural Resources</b>			
<p><b>SCA-CUL-1: Archaeological and Paleontological Resources - Discovery During Construction. (#29)</b></p> <p>Pursuant to CEQA Guidelines section 15064.5(f), in the event that any historic or prehistoric</p>	<p>During construction</p>	<p>N/A</p>	<p>Bureau of Building</p>

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>subsurface cultural resources are discovered during ground disturbing activities, all work within 50 feet of the resources shall be halted and the project applicant shall notify the City and consult with a qualified archaeologist or paleontologist, as applicable, to assess the significance of the find. In the case of discovery of paleontological resources, the assessment shall be done in accordance with the Society of Vertebrate Paleontology standards. If any find is determined to be significant, appropriate avoidance measures recommended by the consultant and approved by the City must be followed unless avoidance is determined unnecessary or infeasible by the City. Feasibility of avoidance shall be determined with consideration of factors such as the nature of the find, project design, costs, and other considerations. If avoidance is unnecessary or infeasible, other appropriate measures (e.g., data recovery, excavation) shall be instituted. Work may proceed on other parts of the project site while measures for the cultural resources are implemented.</p> <p>In the event of data recovery of archaeological resources, the project applicant shall submit an Archaeological Research Design and Treatment Plan (ARDTP) prepared by a qualified archaeologist for review and approval by the City. The ARDTP is required to identify how the proposed data recovery program would preserve the significant information the archaeological resource is expected to contain. The ARDTP shall identify the scientific/historic research questions applicable to the expected resource, the data classes the resource is expected to possess, and how the expected data classes would address the applicable research questions. The ARDTP shall include the analysis and specify the curation and storage methods. Data recovery, in general, shall be limited to the portions of the archaeological</p>			

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>resource that could be impacted by the proposed project. Destructive data recovery methods shall not be applied to portions of the archaeological resources if nondestructive methods are practicable. Because the intent of the ARDTP is to save as much of the archaeological resource as possible, including moving the resource, if feasible, preparation and implementation of the ARDTP would reduce the potential adverse impact to less than significant. The project applicant shall implement the ARDTP at his/her expense.</p> <p>In the event of excavation of paleontological resources, the project applicant shall submit an excavation plan prepared by a qualified paleontologist to the City for review and approval. All significant cultural materials recovered shall be subject to scientific analysis, professional museum curation, and/or a report prepared by a qualified paleontologist, as appropriate, according to current professional standards and at the expense of the project applicant.</p>			
<p><b>SCA-CUL-2: Archaeologically Sensitive Areas – Pre-construction Measures. (#30)</b></p> <p>The project applicant shall implement either Provision A (Intensive Pre-Construction Study) or Provision B (Construction ALERT Sheet) concerning archaeological resources.</p> <p><i>Provision A: Intensive Pre-Construction Study.</i></p> <p>The project applicant shall retain a qualified archaeologist to conduct a site-specific, intensive archaeological resources study for review and approval by the City prior to soil-disturbing activities occurring on the project site. The purpose of the site-specific, intensive archaeological resources study is to identify early the potential presence of history-period archaeological resources on the project site. At a minimum, the study shall include:</p>	<p>Prior to approval of construction-related permit; during construction</p>	<p>Bureau of Building</p>	<p>Bureau of Building</p>

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>a. Subsurface presence/absence studies of the project site. Field studies may include, but are not limited to, auguring and other common methods used to identify the presence of archaeological resources.</p> <p>b. A report disseminating the results of this research.</p> <p>c. Recommendations for any additional measures that could be necessary to mitigate any adverse impacts to recorded and/or inadvertently discovered cultural resources.</p> <p>If the results of the study indicate a high potential presence of historic-period archaeological resources on the project site, or a potential resource is discovered, the project applicant shall hire a qualified archaeologist to monitor any ground disturbing activities on the project site during construction and prepare an ALERT sheet pursuant to Provision B below that details what could potentially be found at the project site. Archaeological monitoring would include briefing construction personnel about the type of artifacts that may be present (as referenced in the ALERT sheet, required per Provision B below) and the procedures to follow if any artifacts are encountered, field recording and sampling in accordance with the Secretary of Interior's Standards and Guidelines for Archaeological Documentation, notifying the appropriate officials if human remains or cultural resources are discovered, and preparing a report to document negative findings after construction is completed if no archaeological resources are discovered during construction.</p> <p><i>Provision B: Construction ALERT Sheet.</i></p> <p>The project applicant shall prepare a construction "ALERT" sheet developed by a qualified archaeologist for review and approval by the City prior to soil-disturbing activities occurring on the project site. The ALERT sheet shall contain, at a</p>			

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>minimum, visuals that depict each type of artifact that could be encountered on the project site. Training by the qualified archaeologist shall be provided to the project's prime contractor, any project subcontractor firms (including demolition, excavation, grading, foundation, and pile driving), and utility firms involved in soil-disturbing activities within the project site.</p> <p>The ALERT sheet shall state, in addition to the basic archaeological resource protection measures contained in other standard conditions of approval, all work must stop and the City's Environmental Review Officer contacted in the event of discovery of the following cultural materials: concentrations of shellfish remains; evidence of fire (ashes, charcoal, burnt earth, fire-cracked rocks); concentrations of bones; recognizable Native American artifacts (arrowheads, shell beads, stone mortars [bowls], humanly shaped rock); building foundation remains; trash pits, privies (outhouse holes); floor remains; wells; concentrations of bottles, broken dishes, shoes, buttons, cut animal bones, hardware, household items, barrels, etc.; thick layers of burned building debris (charcoal, nails, fused glass, burned plaster, burned dishes); wood structural remains (building, ship, wharf); clay roof/floor tiles; stone walls or footings; or gravestones. Prior to any soil-disturbing activities, each contractor shall be responsible for ensuring that the ALERT sheet is circulated to all field personnel, including machine operators, field crew, pile drivers, and supervisory personnel. The ALERT sheet shall also be posted in a visible location at the project site.</p>			
<p><b>SCA-CUL-2: Human Remains – Discovery during Construction. (#31)</b></p> <p>Pursuant to CEQA Guidelines section 15064.5(e)(1), in the event that human skeletal remains are uncovered at the project site during construction activities, all work shall immediately</p>	During Construction	N/A	Bureau of Building

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Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>halt and the project applicant shall notify the City and the Alameda County Coroner. If the County Coroner determines that an investigation of the cause of death is required or that the remains are Native American, all work shall cease within 50 feet of the remains until appropriate arrangements are made. In the event that the remains are Native American, the City shall contact the California Native American Heritage Commission (NAHC), pursuant to subdivision (c) of section 7050.5 of the California Health and Safety Code. If the agencies determine that avoidance is not feasible, then an alternative plan shall be prepared with specific steps and timeframe required to resume construction activities. Monitoring, data recovery, determination of significance, and avoidance measures (if applicable) shall be completed expeditiously and at the expense of the project applicant.</p>			
<b><i>Geology and Soils</i></b>			
<p><b>SCA-GEO-1: Construction-Related Permit(s). (#33)</b></p> <p>The project applicant shall obtain all required construction-related permits/approvals from the City. The project shall comply with all standards, requirements and conditions contained in construction-related codes, including but not limited to the Oakland Building Code and the Oakland Grading Regulations, to ensure structural integrity and safe construction.</p>	<p>Prior to approval of construction-related permit</p>	<p>Bureau of Building</p>	<p>Bureau of Building</p>
<p><b>SCA-GEO-2: Soils Report. (#34)</b></p> <p>The project applicant shall submit a soils report prepared by a registered geotechnical engineer for City review and approval. The soils report shall contain, at a minimum, field test results and observations regarding the nature, distribution and strength of existing soils, and recommendations for appropriate grading practices and project design. The project applicant shall implement the recommendations contained</p>	<p>Prior to approval of construction-related permit</p>	<p>Bureau of Building</p>	<p>Bureau of Building</p>



Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
in the approved report during project design and construction.  <i>(See Next Page...)</i>			

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<i>Hazards and Hazardous Materials</i>  <i>(See Next Page...)</i>			

<p><b>SCA-HAZ-1: Hazardous Materials Related to Construction. (#39)</b></p>	<p>During construction</p>	<p>N/A</p>	<p>Bureau of Building</p>
<p>The project applicant shall ensure that Best Management Practices (BMPs) are implemented by the contractor during construction to minimize potential negative effects on groundwater, soils, and human health. These shall include, at a minimum, the following:</p> <ul style="list-style-type: none"> <li>a. Follow manufacture’s recommendations for use, storage, and disposal of chemical products used in construction;</li> <li>b. Avoid overtopping construction equipment fuel gas tanks;</li> <li>c. During routine maintenance of construction equipment, properly contain and remove grease and oils;</li> <li>d. Properly dispose of discarded containers of fuels and other chemicals;</li> <li>e. Implement lead-safe work practices and comply with all local, regional, state, and federal requirements concerning lead (for more information refer to the Alameda County Lead Poisoning Prevention Program); and</li> <li>f. If soil, groundwater, or other environmental medium with suspected contamination is encountered unexpectedly during construction activities (e.g., identified by odor or visual staining, or if any underground storage tanks, abandoned drums or other hazardous materials or wastes are encountered), the project applicant shall cease work in the vicinity of the suspect material, the area shall be secured as necessary, and the applicant shall take all appropriate measures to protect human health and the environment. Appropriate measures shall include notifying the City and applicable regulatory agency(ies) and implementation of the actions described in the City’s Standard Conditions of Approval, as necessary, to identify the nature and extent of contamination. Work shall not</li> </ul>			



Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>applicant shall implement the approved recommendations and submit to the City evidence of approval for any proposed remedial action and required clearances by the applicable local, state, or federal regulatory agency.</p> <p><i>c. Health and Safety Plan Required</i></p> <p>The project applicant shall submit a Health and Safety Plan for the review and approval by the City in order to protect project construction workers from risks associated with hazardous materials. The project applicant shall implement the approved Plan.</p>	<p>Prior to approval of construction-related permit</p>	<p>Bureau of Building</p>	<p>Bureau of Building</p>
<p><i>d. Best Management Practices (BMPs) Required for Contaminated Sites</i></p> <p>The project applicant shall ensure that Best Management Practices (BMPs) are implemented by the contractor during construction to minimize potential soil and groundwater hazards. These shall include the following:</p> <ul style="list-style-type: none"> <li>i. Soil generated by construction activities shall be stockpiled on-site in a secure and safe manner. All contaminated soils determined to be hazardous or non-hazardous waste must be adequately profiled (sampled) prior to acceptable reuse or disposal at an appropriate off-site facility. Specific sampling and handling and transport procedures for reuse or disposal shall be in accordance with applicable local, state, and federal requirements.</li> <li>ii. Groundwater pumped from the subsurface shall be contained on-site in a secure and safe manner, prior to treatment and disposal, to ensure environmental and health issues are resolved pursuant to applicable laws and policies. Engineering controls shall be utilized, which include impermeable barriers to prohibit groundwater and vapor intrusion into the building.</li> </ul>	<p>During construction</p>	<p>N/A</p>	<p>Bureau of Building</p>
<p><b>SCA-HAZ-3: Hazardous Materials Business</b></p>	<p>Prior to</p>	<p>Oakland Fire</p>	<p>Oakland Fire</p>

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Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p><b>Plan. (#41)</b></p> <p>The project applicant shall submit a Hazardous Materials Business Plan for review and approval by the City, and shall implement the approved Plan. The approved Plan shall be kept on file with the City and the project applicant shall update the Plan as applicable. The purpose of the Hazardous Materials Business Plan is to ensure that employees are adequately trained to handle hazardous materials and provides information to the Fire Department should emergency response be required. Hazardous materials shall be handled in accordance with all applicable local, state, and federal requirements. The Hazardous Materials Business Plan shall include the following:</p> <ol style="list-style-type: none"> <li>a. The types of hazardous materials or chemicals stored and/or used on-site, such as petroleum fuel products, lubricants, solvents, and cleaning fluids.</li> <li>b. The location of such hazardous materials.</li> <li>c. An emergency response plan including employee training information.</li> <li>d. A plan that describes the manner in which these materials are handled, transported, and disposed.</li> </ol>	building permit final	Department	Department
<b>Hydrology and Water Quality</b>			
<p><b>SCA-HYD-2: Erosion and Sedimentation Control Plan for Construction. (#45)</b></p> <p><i>a. Erosion and Sedimentation Control Plan Required</i></p> <p>The project applicant shall submit an Erosion and Sedimentation Control Plan to the City for review and approval. The Erosion and Sedimentation Control Plan shall include all necessary measures to be taken to prevent excessive stormwater runoff or carrying by stormwater runoff of solid materials on to lands of adjacent property owners, public streets, or to creeks as a result of conditions created by grading and/or construction</p>	Prior to Approval of Construction-Related Permit	Bureau of Building	N/A

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>operations. The Plan shall include, but not be limited to, such measures as short-term erosion control planting, waterproof slope covering, check dams, interceptor ditches, benches, storm drains, dissipation structures, diversion dikes, retarding berms and barriers, devices to trap, store and filter out sediment, and stormwater retention basins. Off-site work by the project applicant may be necessary. The project applicant shall obtain permission or easements necessary for off-site work. There shall be a clear notation that the plan is subject to changes as changing conditions occur. Calculations of anticipated stormwater runoff and sediment volumes shall be included, if required by the City. The Plan shall specify that, after construction is complete, the project applicant shall ensure that the storm drain system shall be inspected and that the project applicant shall clear the system of any debris or sediment.</p> <p><i>b. Erosion and Sedimentation Control During Construction</i></p> <p>The project applicant shall implement the approved Erosion and Sedimentation Control Plan. No grading shall occur during the wet weather season (October 15 through April 15) unless specifically authorized in writing by the Bureau of Building.</p>	During Construction	N/A	Bureau of Building
<p><b>SCA-HYD-1: State Construction General Permit. (#46)</b></p> <p>The project applicant shall comply with the requirements of the Construction General Permit issued by the State Water Resources Control Board (SWRCB). The project applicant shall submit a Notice of Intent (NOI), Stormwater Pollution Prevention Plan (SWPPP), and other required Permit Registration Documents to SWRCB. The project applicant shall submit evidence of compliance with Permit requirements to the City.</p>	Prior to approval of construction-related permit	State Water Resources Control Board; evidence of compliance submitted to Bureau of Building	State Water Resources Control Board
<p><b>SCA-HYD-3: NPDES C.3 Stormwater Requirements for Regulated Projects. (#50)</b></p>	Prior to Approval of	Bureau of Planning;	Bureau of Building

PLANNING FILE: PLN16394

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p><i>a. Post-Construction Stormwater Management Plan Required</i></p> <p>The project applicant shall comply with the requirements of Provision C.3 of the Municipal Regional Stormwater Permit issued under the National Pollutant Discharge Elimination System (NPDES). The project applicant shall submit a Post-Construction Stormwater Management Plan to the City for review and approval with the project drawings submitted for site improvements, and shall implement the approved Plan during construction. The Post-Construction Stormwater Management Plan shall include and identify the following:</p> <ol style="list-style-type: none"> <li>i. Location and size of new and replaced impervious surface;</li> <li>ii. Directional surface flow of stormwater runoff;</li> <li>iii. Location of proposed on-site storm drain lines;</li> <li>iv. Site design measures to reduce the amount of impervious surface area;</li> <li>v. Source control measures to limit stormwater pollution;</li> <li>vi. Stormwater treatment measures to remove pollutants from stormwater runoff, including the method used to hydraulically size the treatment measures; and</li> <li>vii. Hydromodification management measures, if required by Provision C.3, so that post-project stormwater runoff flow and duration match pre-project runoff.</li> </ol>	<p>Construction-Related Permit</p>	<p>Bureau of Building</p>	
<p><i>b. Maintenance Agreement Required</i></p> <p>The project applicant shall enter into a maintenance agreement with the City, based on the Standard City of Oakland Stormwater Treatment Measures Maintenance Agreement, in accordance with Provision C.3, which provides, in part, for the following:</p>	<p>Prior to Building Permit Final</p>	<p>Bureau of Building</p>	<p>Bureau of Building</p>



Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>i. The project applicant accepting responsibility for the adequate installation/construction, operation, maintenance, inspection, and reporting of any on-site stormwater treatment measures being incorporated into the project until the responsibility is legally transferred to another entity; and</p> <p>ii. Legal access to the on-site stormwater treatment measures for representatives of the City, the local vector control district, and staff of the Regional Water Quality Control Board, San Francisco Region, for the purpose of verifying the implementation, operation, and maintenance of the on-site stormwater treatment measures and to take corrective action if necessary.</p> <p>The maintenance agreement shall be recorded at the County Recorder's Office at the applicant's expense.</p>			
<b>Noise</b>			
<p><b>SCA-NOS-1: Construction Days/Hours. (#58)</b></p> <p>The project applicant shall comply with the following restrictions concerning construction days and hours:</p> <p>a. Construction activities are limited to between 7:00 a.m. and 7:00 p.m. Monday through Friday, except that pier drilling and/or other extreme noise generating activities greater than 90 dBA shall be limited to between 8:00 a.m. and 4:00 p.m.</p> <p>b. Construction activities are limited to between 9:00 a.m. and 5:00 p.m. on Saturday. In residential zones and within 300 feet of a residential zone, construction activities are allowed from 9:00 a.m. to 5:00 p.m. only within the interior of the building with the doors and windows closed. No pier drilling or other extreme noise generating activities greater than 90 dBA are allowed on Saturday.</p>	During Construction	N/A	Bureau of Building

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>c. No construction is allowed on Sunday or federal holidays.</p> <p>Construction activities include, but are not limited to, truck idling, moving equipment (including trucks, elevators, etc.) or materials, deliveries, and construction meetings held on-site in a non-enclosed area.</p> <p>Any construction activity proposed outside of the above days and hours for special activities (such as concrete pouring which may require more continuous amounts of time) shall be evaluated on a case-by-case basis by the City, with criteria including the urgency/emergency nature of the work, the proximity of residential or other sensitive uses, and a consideration of nearby residents'/occupants' preferences. The project applicant shall notify property owners and occupants located within 300 feet at least 14 calendar days prior to construction activity proposed outside of the above days/hours. When submitting a request to the City to allow construction activity outside of the above days/hours, the project applicant shall submit information concerning the type and duration of proposed construction activity and the draft public notice for City review and approval prior to distribution of the public notice.</p>			
<p><b>SCA-NOS-2: Construction Noise. (#59)</b></p> <p>The project applicant shall implement noise reduction measures to reduce noise impacts due to construction. Noise reduction measures include, but are not limited to, the following:</p> <p>a. Equipment and trucks used for project construction shall utilize the best available noise control techniques (e.g., improved mufflers, equipment redesign, use of intake silencers, ducts, engine enclosures and acoustically-attenuating shields or shrouds) wherever feasible.</p> <p>b. Except as provided herein, impact tools (e.g.,</p>	During Construction	N/A	Bureau of Building

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>jack hammers, pavement breakers, and rock drills) used for project construction shall be hydraulically or electrically powered to avoid noise associated with compressed air exhaust from pneumatically powered tools. However, where use of pneumatic tools is unavoidable, an exhaust muffler on the compressed air exhaust shall be used; this muffler can lower noise levels from the exhaust by up to about 10 dBA. External jackets on the tools themselves shall be used, if such jackets are commercially available, and this could achieve a reduction of 5 dBA. Quieter procedures shall be used, such as drills rather than impact equipment, whenever such procedures are available and consistent with construction procedures.</p> <p>c. Applicant shall use temporary power poles instead of generators where feasible.</p> <p>d. Stationary noise sources shall be located as far from adjacent properties as possible, and they shall be muffled and enclosed within temporary sheds, incorporate insulation barriers, or use other measures as determined by the City to provide equivalent noise reduction.</p> <p>e. The noisiest phases of construction shall be limited to less than 10 days at a time. Exceptions may be allowed if the City determines an extension is necessary and all available noise reduction controls are implemented.</p>			
<p><b>SCA-NOS-3: Extreme Construction Noise. (#60)</b></p> <p><i>a. Construction Noise Management Plan Required</i></p> <p>Prior to any extreme noise generating construction activities (e.g., pier drilling, pile driving and other activities generating greater than 90dBA), the project applicant shall submit a</p>	<p>Prior to Approval</p>	<p>Bureau of Building</p>	<p>Bureau of Building</p>

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>Construction Noise Management Plan prepared by a qualified acoustical consultant for City review and approval that contains a set of site-specific noise attenuation measures to further reduce construction impacts associated with extreme noise generating activities. The project applicant shall implement the approved Plan during construction. Potential attenuation measures include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>i. Erect temporary plywood noise barriers around the construction site, particularly along on sites adjacent to residential buildings;</li> <li>ii. Implement "quiet" pile driving technology (such as pre-drilling of piles, the use of more than one pile driver to shorten the total pile driving duration), where feasible, in consideration of geotechnical and structural requirements and conditions;</li> <li>iii. Utilize noise control blankets on the building structure as the building is erected to reduce noise emission from the site;</li> <li>iv. Evaluate the feasibility of noise control at the receivers by temporarily improving the noise reduction capability of adjacent buildings by the use of sound blankets for example and implement such measure if such measures are feasible and would noticeably reduce noise impacts; and</li> <li>v. Monitor the effectiveness of noise attenuation measures by taking noise measurements.</li> </ul> <p><i>b. Public Notification Required</i></p> <p>The project applicant shall notify property owners and occupants located within 300 feet of the construction activities at least 14 calendar days prior to commencing extreme noise generating activities. Prior to providing the notice, the project applicant shall submit to the City for review and approval the proposed type and</p>			

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
duration of extreme noise generating activities and the proposed public notice. The public notice shall provide the estimated start and end dates of the extreme noise generating activities and describe noise attenuation measures to be implemented.			
<p><b>SCA-NOS-4: Construction Noise Complaints. (#62)</b></p> <p>The project applicant shall submit to the City for review and approval a set of procedures for responding to and tracking complaints received pertaining to construction noise, and shall implement the procedures during construction. At a minimum, the procedures shall include:</p> <ul style="list-style-type: none"> <li>a. Designation of an on-site construction complaint and enforcement manager for the project;</li> <li>b. A large on-site sign near the public right-of-way containing permitted construction days/hours, complaint procedures, and phone numbers for the project complaint manager and City Code Enforcement unit;</li> <li>c. Protocols for receiving, responding to, and tracking received complaints; and</li> <li>d. Maintenance of a complaint log that records received complaints and how complaints were addressed, which shall be submitted to the City for review upon the City's request.</li> </ul>	Prior to Approval of Construction-Related Permit	Bureau of Building	Bureau of Building
<p><b>SCA-NOS-5: Operational Noise. (#64)</b></p> <p>Noise levels from the project site after completion of the project (i.e., during project operation) shall comply with the performance standards of chapter 17.120 of the Oakland Planning Code and chapter 8.18 of the Oakland Municipal Code. If noise levels exceed these standards, the activity causing the noise shall be abated until appropriate noise reduction measures have been installed and compliance verified by the City.</p>	Ongoing	N/A	Bureau of Building
<b>Recommendation NOS-1</b>	Prior to Approval of	Bureau of Building	Bureau of Building

**PLANNING FILE: PLN16394**





Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>reconfigurations, and pedestrian and bicyclist amenities). The project applicant is responsible for funding and installing the improvements, and shall obtain all necessary permits and approvals from the City and/or other applicable regulatory agencies such as, but not limited to, Caltrans (for improvements related to Caltrans facilities) and the California Public Utilities Commission (for improvements related to railroad crossings), prior to installing the improvements. To implement this measure for intersection modifications, the project applicant shall submit Plans, Specifications, and Estimates (PS&amp;E) to the City for review and approval. All elements shall be designed to applicable City standards in effect at the time of construction and all new or upgraded signals shall include these enhancements as required by the City. All other facilities supporting vehicle travel and alternative modes through the intersection shall be brought up to both City standards and ADA standards (according to Federal and State Access Board guidelines) at the time of construction. Current City Standards call for, among other items, the elements listed below:</p> <ul style="list-style-type: none"> <li>a. 2070L Type Controller with cabinet accessory</li> <li>b. GPS communication (clock)</li> <li>c. Accessible pedestrian crosswalks according to Federal and State Access Board guidelines with signals (audible and tactile)</li> <li>d. Countdown pedestrian head module switch out</li> <li>e. City Standard ADA wheelchair ramps</li> <li>f. Video detection on existing (or new, if required)</li> <li>g. Mast arm poles, full activation (where applicable)</li> <li>h. Polara Push buttons (full activation)</li> <li>i. Bicycle detection (full activation)</li> </ul>			



Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
j. Pull boxes k. Signal interconnect and communication with trenching (where applicable), or through existing conduit (where applicable), 600 feet maximum l. Conduit replacement contingency m. Fiber switch n. PTZ camera (where applicable)  o. Transit Signal Priority (TSP) equipment consistent with other signals along corridor p. Signal timing plans for the signals in the coordination group			
<p><b>SCA-TRANS-2: Transportation and Parking Demand. (#71)</b></p> <p><i>a. Transportation and Parking Demand Management (TDM) Plan Required</i></p> <p>The project applicant shall submit a Transportation and Parking Demand Management (TDM) Plan for review and approval by the City.</p> <p>i. The goals of the TDM Plan shall be the following:</p> <ul style="list-style-type: none"> <li>• Reduce vehicle traffic and parking demand generated by the project to the maximum extent practicable, consistent with the potential traffic and parking impacts of the project.</li> <li>• Achieve the following project vehicle trip reductions (VTR):</li> <li>• Projects generating 50-99 net new a.m. or p.m. peak hour vehicle trips: 10 percent VTR</li> <li>• Projects generating 100 or more net new a.m. or p.m. peak hour vehicle trips: 20 percent VTR</li> <li>• Increase pedestrian, bicycle, transit, and carpool/vanpool modes of travel. All four modes of travel shall be considered, as appropriate.</li> <li>• Enhance the City's transportation system, consistent with City policies and programs.</li> </ul>	Prior to Approval of Construction-Related Permit	Bureau of Planning	N/A

PLANNING FILE: PLN16394

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>ii. TDM strategies to consider include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>◦ Inclusion of additional long-term and short-term bicycle parking that meets the design standards set forth in chapter five of the Bicycle Master Plan and the Bicycle Parking Ordinance (chapter 17.117 of the Oakland Planning Code), and shower and locker facilities in commercial developments that exceed the requirement.</li> <li>◦ Construction of and/or access to bikeways per the Bicycle Master Plan; construction of priority bikeways, on-site signage and bike lane striping.</li> <li>◦ Installation of safety elements per the Pedestrian Master Plan (such as crosswalk striping, curb ramps, count down signals, bulb outs, etc.) to encourage convenient and safe crossing at arterials, in addition to safety elements required to address safety impacts of the project.</li> <li>◦ Installation of amenities such as lighting, street trees, and trash receptacles per the Pedestrian Master Plan and any applicable streetscape plan.</li> <li>◦ Construction and development of transit stops/shelters, pedestrian access, way finding signage, and lighting around transit stops per transit agency plans or negotiated improvements.</li> <li>◦ Direct on-site sales of transit passes purchased and sold at a bulk group rate (through programs such as AC Transit Easy Pass or a similar program through another transit agency).</li> <li>◦ Provision of a transit subsidy to employees or residents, determined by the project applicant and subject to review by the City, if employees or residents use transit or commute by other alternative modes.</li> <li>◦ Provision of an ongoing contribution to transit service to the area between the project and nearest mass transit station prioritized as follows: 1) Contribution to AC Transit bus service; 2) Contribution to an existing area shuttle service; and 3) Establishment of new</li> </ul>			

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>shuttle service. The amount of contribution (for any of the above scenarios) would be based upon the cost of establishing new shuttle service (Scenario 3).</p> <ul style="list-style-type: none"> <li>◦ Guaranteed ride home program for employees, either through 511.org or through separate program.</li> <li>◦ Pre-tax commuter benefits (commuter checks) for employees.</li> <li>◦ Free designated parking spaces for on-site car-sharing program (such as City Car Share, Zip Car, etc.) and/or car-share membership for employees or tenants.</li> <li>◦ On-site carpooling and/or vanpool program that includes preferential (discounted or free) parking for carpools and vanpools.</li> <li>◦ Distribution of information concerning alternative transportation options.</li> <li>◦ Parking spaces sold/leased separately for residential units. Charge employees for parking, or provide a cash incentive or transit pass alternative to a free parking space in commercial properties.</li> <li>◦ Parking management strategies including attendant/valet parking and shared parking spaces.</li> <li>◦ Requiring tenants to provide opportunities and the ability to work off-site.</li> <li>◦ Allow employees or residents to adjust their work schedule in order to complete the basic work requirement of five eight-hour workdays by adjusting their schedule to reduce vehicle trips to the worksite (e.g., working four, ten-hour days; allowing employees to work from home two days per week).</li> <li>◦ Provide or require tenants to provide employees with staggered work hours involving a shift in the set work hours of all employees at the workplace or flexible work hours involving individually determined work hours.</li> </ul> <p>The TDM Plan shall indicate the estimated VTR for each strategy, based on published research or guidelines where feasible. For TDM Plans</p>			

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>containing ongoing operational VTR strategies, the Plan shall include an ongoing monitoring and enforcement program to ensure the Plan is implemented on an ongoing basis during project operation. If an annual compliance report is required, as explained below, the TDM Plan shall also specify the topics to be addressed in the annual report.</p>			
<p><i>b. TDM Implementation -- Physical Improvements</i></p> <p>For VTR strategies involving physical improvements, the project applicant shall obtain the necessary permits/approvals from the City and install the improvements prior to the completion of the project.</p>	<p>Prior to Building Permit Final</p>	<p>Bureau of Building</p>	<p>Bureau of Building</p>
<p><i>c. TDM Implementation -- Operational Strategies</i></p> <p>For projects that generate 100 or more net new a.m. or p.m. peak hour vehicle trips and contain ongoing operational VTR strategies, the project applicant shall submit an annual compliance report for the first five years following completion of the project (or completion of each phase for phased projects) for review and approval by the City. The annual report shall document the status and effectiveness of the TDM program, including the actual VTR achieved by the project during operation. If deemed necessary, the City may elect to have a peer review consultant, paid for by the project applicant, review the annual report. If timely reports are not submitted and/or the annual reports indicate that the project applicant has failed to implement the TDM Plan, the project will be considered in violation of the Conditions of Approval and the City may initiate enforcement action as provided for in these Conditions of Approval. The project shall not be considered in violation of this Condition if the TDM Plan is implemented but the VTR goal is not achieved.</p>	<p>Ongoing</p>	<p>Bureau of Planning</p>	<p>Bureau of Planning</p>

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<i>Utilities and Service Systems</i>			
<p><b>SCA-UTIL-1: Construction and Demolition Waste Reduction and Recycling. (#74)</b></p> <p>The project applicant shall comply with the City of Oakland Construction and Demolition Waste Reduction and Recycling Ordinance (chapter 15.34 of the Oakland Municipal Code) by submitting a Construction and Demolition Waste Reduction and Recycling Plan (WRRP) for City review and approval, and shall implement the approved WRRP. Projects subject to these requirements include all new construction, renovations/alterations/modifications with construction values of \$50,000 or more (except R-3 type construction), and all demolition (including soft demolition) except demolition of type R-3 construction. The WRRP must specify the methods by which the project will divert construction and demolition debris waste from landfill disposal in accordance with current City requirements. The WRRP may be submitted electronically at <a href="http://www.greenhalosystems.com">www.greenhalosystems.com</a> or manually at the City's Green Building Resource Center. Current standards, FAQs, and forms are available on the City's website and in the Green Building Resource Center.</p>	<p>Prior to Approval of Construction-Related Permit</p>	<p>Public Works Department, Environmental Services Division</p>	<p>Public Works Department, Environmental Services Division</p>
<p><b>SCA-UTIL-2: Underground Utilities. (#75)</b></p> <p>The project applicant shall place underground all new utilities serving the project and under the control of the project applicant and the City, including all new gas, electric, cable, and telephone facilities, fire alarm conduits, street light wiring, and other wiring, conduits, and similar facilities. The new facilities shall be placed underground along the project's street frontage and from the project structures to the point of service. Utilities under the control of other agencies, such as PG&amp;E, shall be placed underground if feasible. All utilities shall be installed in accordance with standard specifications of the serving utilities.</p>	<p>During Construction</p>	<p>N/A</p>	<p>Bureau of Building</p>

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Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p><b>SCA-UTIL-3: Recycling Collection and Storage Space. (#76)</b></p> <p>The project applicant shall comply with the City of Oakland Recycling Space Allocation Ordinance (chapter 17.118 of the Oakland Planning Code). The project drawings submitted for construction-related permits shall contain recycling collection and storage areas in compliance with the Ordinance. For residential projects, at least two cubic feet of storage and collection space per residential unit is required, with a minimum of ten cubic feet. For nonresidential projects, at least two cubic feet of storage and collection space per 1,000 sf of building floor area is required, with a minimum of ten cubic feet.</p>	<p>Prior to Approval of Construction-Related Permit</p>	<p>Bureau of Planning</p>	<p>Bureau of Building</p>
<p><b>SCA-UTIL-4: Green Building Requirements. (#77)</b></p> <p><i>a. Compliance with Green Building Requirements During Plan-Check</i></p> <p>The project applicant shall comply with the requirements of the California Green Building Standards (CALGreen) mandatory measures and the applicable requirements of the City of Oakland Green Building Ordinance (chapter 18.02 of the Oakland Municipal Code).</p> <p>i. The following information shall be submitted to the City for review and approval with the application for a building permit:</p> <ul style="list-style-type: none"> <li>• Documentation showing compliance with Title 24 of the current version of the California Building Energy Efficiency Standards.</li> <li>• Completed copy of the final green building checklist approved during the review of the Planning and Zoning permit.</li> <li>• Copy of the Unreasonable Hardship Exemption, if granted, during the review of the Planning and Zoning permit.</li> <li>• Permit plans that show, in general notes, detailed design drawings, and specifications as necessary, compliance with the items</li> </ul>	<p>Prior to Approval of Construction-Related Permit</p>	<p>Bureau of Building</p>	<p>N/A</p>

PLANNING FILE: PLN16394

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>listed in subsection (ii) below.</p> <ul style="list-style-type: none"> <li>◦ Copy of the signed statement by the Green Building Certifier approved during the review of the Planning and Zoning permit that the project complied with the requirements of the Green Building Ordinance.</li> <li>◦ Signed statement by the Green Building Certifier that the project still complies with the requirements of the Green Building Ordinance, unless an Unreasonable Hardship Exemption was granted during the review of the Planning and Zoning permit.</li> <li>◦ Other documentation as deemed necessary by the City to demonstrate compliance with the Green Building Ordinance.</li> </ul> <p>ii. The set of plans in subsection (i) shall demonstrate compliance with the following:</p> <ul style="list-style-type: none"> <li>◦ CALGreen mandatory measures.</li> <li>◦ All pre-requisites per the green building checklist approved during the review of the Planning and Zoning permit, or, if applicable, all the green building measures approved as part of the Unreasonable Hardship Exemption granted during the review of the Planning and Zoning permit.</li> <li>◦ A minimum of 23 points (3 Community; 6 IAQ/Health; 6 Resources; 8 Water) as defined by the Green Building Ordinance for Residential New Construction.</li> <li>◦ All green building points identified on the checklist approved during review of the Planning and Zoning permit, unless a Request for Revision Plan-check application is submitted and approved by the Bureau of Planning that shows the previously approved points that will be eliminated or substituted.</li> <li>◦ The required green building point minimums in the appropriate credit categories.</li> </ul> <p>b. <i>Compliance with Green Building Requirements During Construction</i></p> <p>The project applicant shall comply with the applicable requirements of CALGreen and the Oakland Green Building Ordinance during</p>	<p>During Construction</p>	<p>N/A</p>	<p>Bureau of Building</p>

PLANNING FILE: PLN16394

Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
<p>construction of the project.</p> <p>The following information shall be submitted to the City for review and approval:</p> <ul style="list-style-type: none"> <li>i. Completed copies of the green building checklists approved during the review of the Planning and Zoning permit and during the review of the building permit.</li> <li>ii. Signed statement(s) by the Green Building Certifier during all relevant phases of construction that the project complies with the requirements of the Green Building Ordinance.</li> <li>iii. Other documentation as deemed necessary by the City to demonstrate compliance with the Green Building Ordinance.</li> </ul> <p><i>c. Compliance with Green Building Requirements After Construction</i></p> <p>Within sixty (60) days of the final inspection of the building permit for the project, the Green Building Certifier shall submit the appropriate documentation to Build It Green and attain the minimum required certification/point level. Within one year of the final inspection of the building permit for the project, the applicant shall submit to the Bureau of Planning the Certificate from the organization listed above demonstrating certification and compliance with the minimum point/certification level noted above.</p>	After Project Completion as Specified	Bureau of Planning	Bureau of Building
<p><b>SCA-UTIL-5: Sanitary Sewer System. (#79)</b></p> <p>The project applicant shall prepare and submit a Sanitary Sewer Impact Analysis to the City for review and approval in accordance with the City of Oakland Sanitary Sewer Design Guidelines. The Impact Analysis shall include an estimate of pre-project and post-project wastewater flow from the project site. In the event that the Impact Analysis indicates that the net increase in project wastewater flow exceeds City-projected increases in wastewater flow in the sanitary sewer system,</p>	Prior to Approval of Construction-Related Permit	Public Works Department, Department of Engineering and Construction	N/A

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Standard Conditions of Approval	When Required	Initial Approval	Monitoring/ Inspection
the project applicant shall pay the Sanitary Sewer Impact Fee in accordance with the City's Master Fee Schedule for funding improvements to the sanitary sewer system.			
<p><b>SCA-UTIL-6: Storm Drain System. (#80)</b></p> <p>The project storm drainage system shall be designed in accordance with the City of Oakland's Storm Drainage Design Guidelines. To the maximum extent practicable, peak stormwater runoff from the project site shall be reduced by at least 25 percent compared to the pre-project condition.</p>	Prior to Approval of Construction-Related Permit	Bureau of Building	Bureau of Building

**PLANNING FILE: PLN16394**

# \*ENVIRONMENTAL DECLARATION

(CALIFORNIA FISH AND GAME CODE SECTION 711.4)

LEAD AGENCY NAME AND ADDRESS

FOR COUNTY CLERK USE ONLY

City of Oakland – Bureau of Planning  
250 Frank H. Ogawa Plaza, Suite 3315  
Oakland, CA 94612  
Contact: Mike Rivera

FILE NO: \_\_\_\_\_

## CLASSIFICATION OF ENVIRONMENTAL DOCUMENT: (PLEASE MARK ONLY ONE CLASSIFICATION)

### 1. NOTICE OF EXEMPTION / STATEMENT OF EXEMPTION

A - STATUTORILY OR CATEGORICALLY EXEMPT

\$ 50.00 - COUNTY CLERK HANDLING FEE

### 2. NOTICE OF DETERMINATION (NOD)

A - NEGATIVE DECLARATION (OR MITIGATED NEG. DEC.)

\$ 2,280.75 - STATE FILING FEE

\$ 50.00 - COUNTY CLERK HANDLING FEE

B - ENVIRONMENTAL IMPACT REPORT (EIR)

\$ 3,168.25 - STATE FILING FEE

\$ 50.00 - COUNTY CLERK HANDLING FEE

### 3. OTHER: \_\_\_\_\_

**\*\*\*A COPY OF THIS FORM MUST BE COMPLETED AND SUBMITTED WITH EACH COPY OF AN ENVIRONMENTAL DECLARATION BEING FILED WITH THE ALAMEDA COUNTY CLERK.\*\*\***

#### **BY MAIL FILINGS:**

PLEASE INCLUDE FIVE (5) COPIES OF ALL NECESSARY DOCUMENTS AND TWO (2) SELF-ADDRESSED ENVELOPES.

#### **IN PERSON FILINGS:**

PLEASE INCLUDE FIVE (5) COPIES OF ALL NECESSARY DOCUMENTS AND ONE (1) SELF-ADDRESSED ENVELOPES.

**ALL APPLICABLE FEES MUST BE PAID AT THE TIME OF FILING.**

FEES ARE EFFECTIVE JANUARY 1, 2018

MAKE CHECKS PAYABLE TO: ALAMEDA COUNTY CLERK

NOTICE OF EXEMPTION  
California Environmental Quality Act (CEQA)

DATE: June 11, 2018

TO: Alameda County Clerk                      Office of Planning and Research/ State Clearinghouse  
1225 Fallon Street                              1400 10th Street, Suite 222  
Oakland, CA 94612                              Sacramento, CA 95814

FROM: City of Oakland  
Bureau of Planning  
250 Frank H. Ogawa Plaza, Suite 3315  
Oakland, CA 94612

SUBJECT: Filing of Notice of Exemption in compliance with Section 21108 or 21152 of the Public Resources Code


<b>PROJECT TITLE: PLN16394/ 0 Mandela Parkway / Hotel Development Project</b>
<b>STATE CLEARINGHOUSE NUMBER: 2012102047</b>
<b>PROJECT APPLICANT: Tulse Nathu and Payal Nathu</b>
<b>PROJECT LOCATION: 0 Mandela Parkway (across the street from 3650 Mandela Parkway) Assessor's Parcel Nos. 007 061701405</b>
<b>PROJECT DESCRIPTION: To construct a six-story building "Mandela Hotel" consisting of 220 rooms with a surface parking and two levels of an underground parking garage, totaling 166 parking spaces.</b>

This Notice of Exemption (NOE) advises that the City of Oakland as the Lead Agency for the above described Project has approved the Project and has made the following determinations on June 6, 2018. The City has determined that the City's action is exempt from CEQA pursuant to CEQA Guideline Section 15183: Approvals consistent with a Community Plan, General Plan or Zoning, and Section 15332: Urban Infill Development.

NOTE: Separately and independently from the above CEQA exemptions, the Project also complies with CEQA pursuant to CEQA Guidelines Section 15183.3: Qualified Infill Projects and Sections 15168/15180: Program EIRs and Redevelopment Projects.

Please see/reference an accompanying and complementary filed Notice of Determination:

Date: 6/11/18

  
CATHERINE PAYNE

Bureau of Planning  
Deputy Environmental Review Officer

**NOTICE OF DETERMINATION**  
**California Environmental Quality Act (CEQA)**

DATE: June 11, 2018

TO: Alameda County Clerk                      Office of Planning and Research / State Clearinghouse  
1225 Fallon Street                              1400 10th Street, Suite 222  
Oakland, CA 94612                              Sacramento, CA 95814

FROM: City of Oakland  
Bureau of Planning  
250 Frank H. Ogawa Plaza, Suite 3315  
Oakland, CA 94612

SUBJECT: Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

PROJECT TITLE: <b>PLN16394 / 0 Mandela Parkway / Hotel Development Project</b>
STATE CLEARINGHOUSE NUMBER: <b>2012102047</b>
PROJECT APPLICANT: <b>Tulsee Nathu and Payal Nathu</b>
PROJECT LOCATION: <b>0 Mandela Parkway (across the street from 3650 Mandela Parkway) Assessor's Parcel No. 007 061701405</b>
PROJECT DESCRIPTION: <b>To construct a six-story building "Mandela Hotel" consisting of 220 rooms with a surface parking and two levels of an underground parking garage, totaling with 166 parking spaces.</b>

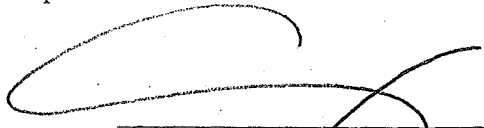
This is to advise that City of Oakland as the Lead Agency for the above described Project has approved the Project and has made the following determinations on June 6, 2018:

The purpose of this NOD is to provide notice that (1) the City has prepared a CEQA Analysis for the current project, which adequately describes the current approval for purposes of CEQA; and (2) no additional environmental analysis is required, in accordance with Public Resources Code Section 21083.3 and CEQA Guidelines Sections 15183.3 and 15168 and 15180.

In addition, the approval of the project is consistent with and partially implements actions approved by the City of Oakland that were analyzed in the certified 1998 General Plan Land Use and Transportation Element EIR; and the certified 2014 West Oakland Specific Plan. Therefore, the purpose of this NOD is to also provide notice that based on the CEQA Analysis/Addendum for the current project, no further environmental documents are required in accordance with (a) Public Resources Code Section 21083.3 and CEQA Guidelines Section 15183.3 (Qualified Infill Projects); and (b) CEQA Guidelines Sections 15168/15180 (Program EIRs and Redevelopment Projects.)

NOTE: Separately and independently from the above Notice of Determination, the Project is also exempt from CEQA pursuant to CEQA Guideline Section 15183: Approvals consistent with a Community Plan, General Plan or Zoning. Please see/reference an accompanying and complementary filed Notice of Exemption.

Date: 6/11/18

  
\_\_\_\_\_  
CATHERINE PAYNE  
Bureau of Planning  
Deputy Environmental Review Officer

# \*ENVIRONMENTAL DECLARATION

(CALIFORNIA FISH AND GAME CODE SECTION 711.4)

LEAD AGENCY NAME AND ADDRESS

FOR COUNTY CLERK USE ONLY

City of Oakland – Bureau of Planning  
250 Frank H. Ogawa Plaza, Suite 3315  
Oakland, CA 94612  
Contact: Mike Rivera

FILE NO: \_\_\_\_\_

## CLASSIFICATION OF ENVIRONMENTAL DOCUMENT: (PLEASE MARK ONLY ONE CLASSIFICATION)

### 1. NOTICE OF EXEMPTION / STATEMENT OF EXEMPTION

A - STATUTORILY OR CATEGORICALLY EXEMPT

\$ 50.00 - COUNTY CLERK HANDLING FEE

### 2. NOTICE OF DETERMINATION (NOD)

A - NEGATIVE DECLARATION (OR MITIGATED NEG. DEC.)

\$ 2,280.75 - STATE FILING FEE

\$ 50.00 - COUNTY CLERK HANDLING FEE

B - ENVIRONMENTAL IMPACT REPORT (EIR)

\$ 3,168.25 - STATE FILING FEE

\$ 50.00 - COUNTY CLERK HANDLING FEE

### 3. OTHER: \_\_\_\_\_

**\*\*\*A COPY OF THIS FORM MUST BE COMPLETED AND SUBMITTED WITH EACH COPY OF AN ENVIRONMENTAL DECLARATION BEING FILED WITH THE ALAMEDA COUNTY CLERK.\*\*\***

#### **BY MAIL FILINGS:**

PLEASE INCLUDE FIVE (5) COPIES OF ALL NECESSARY DOCUMENTS AND TWO (2) SELF-ADDRESSED ENVELOPES.

#### **IN PERSON FILINGS:**

PLEASE INCLUDE FIVE (5) COPIES OF ALL NECESSARY DOCUMENTS AND ONE (1) SELF-ADDRESSED ENVELOPES.

**ALL APPLICABLE FEES MUST BE PAID AT THE TIME OF FILING.**

FEES ARE EFFECTIVE JANUARY 1, 2018

MAKE CHECKS PAYABLE TO: ALAMEDA COUNTY CLERK

## *June 6, 2018 Public Hearing Video Log*

Testimony concerning the Planning Commission's Review of 1) A Major Conditional Use Permit To Construct a Six-Story Building Consisting of 220 Rooms Measuring Approximately 142,813 Square Feet of Floor Area, 2) A Minor Conditional Use Permit for Transient Habitation (Hotels) and Non-residential Tandem Parking, 3) A Variance Of The Front Setback and 4) Related California Environmental Quality Act (CEQA) Findings For The Proposed Building Located At 0 Mandela Parkway Oakland CA (Project Case No.PLN16394).occurs from timed Location 1.01 to 3.21 on the video record of the meeting.

Specific testimony addressed to the Commission about topics raised in appeal PLN16394-A0-1 includes the following.

Testimony of Mike Rivera Staff City of Oakland                      Location 1.01.40- 1.05.03

Testimony of A. Morrison representing the applicant Location 1.05- 1.23

Testimony of staff from Lamphier Gregory, Environmental Consultant to the City of Oakland Location 2.20-2. 29

Testimony of Robert Merkamp Staff City of Oakland                      Location 2.23

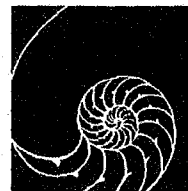
Testimony of Mike Rivera Staff City of Oakland                      Location 2.27

Testimony of Robert Merkamp Staff City of Oakland                      Location 2.31-2.42

Commissioner questions directed to staff and presenters occurs through out the record from Location 1.01 to 3.21 Deliberation and occurs from timed Location 2.42 to 3.21 on the video record

Link to the video file is <http://oakland.granicus.com/player/dip/2764?publishid=4beb9961-6b73-11e8-9329-00505691de41>

## MEMORANDUM



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**Date:** December 10, 2018  
**To:** Mike Rivera, Project Case Planner  
**From:** Sharon Wright, Environmental Planner  
**Subject:** **Mandela Parkway Hotel Project** – Response to UNITE HERE Local 2850 appeal memo, dated June 15, 2018

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Lamphier-Gregory has prepared the following memo in response to the above referenced appeal memo from UNITE HERE Local 2850, in response to item #3 regarding CEQA. The CEQA component of the appeal raises the argument that the project is not eligible for the CEQA exemptions and streamlining provisions that were relied on for its Planning Commission approval due to site contamination conditions.

The CEQA Analysis conducted for the Mandela Parkway Hotel project separately and independently relies on a Class 32 Exemption pursuant to CEQA Guidelines Section 15332, streamlined environmental review pursuant to Section 15183 (Consistency with a Community Plan), a Qualified Infill project pursuant to Section 15183.3, and an Addendum to the West Oakland Specific Plan EIR pursuant to Section 15164.

### **Cortese List**

To qualify for a Class 32 Exemption under CEQA Guidelines Section 15332, the project must not be located on a site that is included on any list compiled pursuant to Section 65962.5 of the Government Code (i.e., the Cortese List).<sup>1</sup> A previous UNITE HERE Local 2850 letter to the Planning Commission dated March 12, 2018 argued that the project site is listed in databases of contaminated sites maintained by the State Water Resources Control Board and the Department of Toxic Substances Control, and therefore not eligible for exemptions or streamlined review under CEQA.

Lamphier-Gregory responded to that March 2018 letter in our response dated March 20, 2018 (attached), demonstrating that although the history of surrounding properties (including the former

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<sup>1</sup> The Cortese list is a compilation of sites identified as:

- hazardous waste and substances sites included on the DTSC EnviroStor database
- leaking underground storage tank sites listed on the SWRCB GeoTracker database;
- solid waste disposal sites identified by SWRCB with waste constituents above hazardous waste levels outside the waste management unit
- active Cease and Desist orders and Cleanup and Abatement order sites from the SWRCB, and
- other hazardous waste facilities subject to corrective action as identified by DTSC

Mike Rivera  
December 10, 2018, Page 2

Oakland Rail Terminal property and the adjacent Caltrans Seismic Retrofit properties) is complex, the project site itself is not on the Cortese list and the Class 32 exemption is applicable. The UNITE HERE letter of June 15, 2018 does not raise any new information to the contrary.

The challenge as to whether the property is or is not on the Cortese list pertains only to the Section 15332 exemption, and does not pertain to the other separate and independent CEQA streamlining provisions applicable to the project pursuant to Sections 15183, 15183.3 or 15164.

#### **Identified Contamination Levels**

The UNITE HERE letter of June 15, 2018 asserts that information in the Kleinfelder environmental assessment (which is included as an appendix to the Mandela Parkway Hotel project CEQA document) reports Soluble Threshold Limit Concentration (STLCs) that demonstrate the project site is "contaminated with lead and mercury at levels 10 times the threshold for the State's definition of toxic waste." This is a misinterpretation of the data.

The Kleinfelder environmental assessment specifically states that, "metals concentrations [e.g., lead and mercury] from select soil concentrations did not exceed hazardous waste threshold concentrations."

The Kleinfelder report also included a separate comparison of solubility values (STCLs), which are used by waste disposal facilities to classify materials for potential handling, reuse and/or off-haul during construction. Based on this separate comparison, the Kleinfelder report does indicate that some of the selected soil samples do contain lead and mercury detected above solubility values, expressed as STCL x 10. For example, the STCL for lead is 5 mg/liter. The solubility value for lead is then 10 times the STCL, or 50 mg/kg. Certain of the selected soil samples did exceed 50 mg/kg for lead, such as the sample highlighted in the UNITE HERE letter, which was found to be at 56 mg/kg. However, this solubility value is not 10 times the threshold for the State's definition of toxic waste, but rather approximately 12 percent higher than a value that indicates the potential for metals disposed of in a landfill to leach from soils into the groundwater. Based on the results of the solubility values, the Kleinfelder report recommends that if soils are to be removed from the site, then subsequent and detailed solubility testing should be performed to determine appropriate disposal methods.

#### **Minimizing Risk to Human Health**

The Kleinfelder report concludes that soil and groundwater on the site, while not exceeding hazardous waste threshold concentrations, have detectable concentrations of select contaminants of concern that may pose a risk to human health and the environment. The Mandela Parkway Hotel project will be subject to, and will be required to follow all applicable laws and regulations pertaining to any necessary remediation activities, transportation, use and storage of hazardous materials, and to safeguard workers and the public. These requirements are found in the City of Oakland's Standard Conditions of Approval (SCAs) for the project, as disclosed in the CEQA Analysis. These SCAs are identified in the CEQA document as including:

- SCA #43: Hazardous Materials Related to Construction
- SCA #44: Hazardous Building Materials and Site Contamination, and
- SCA #45: Hazardous Materials Business Plan

Pursuant to these SCAs, the project will require preparation of a Phase I Environmental Site Assessment, and potentially a Phase II Environmental Site Assessment if warranted. The Phase Environmental Site



Assessment must include recommendations for remedial action for hazardous materials, including those recommendations from the Kleinfelder report that contractors performing work on the site incorporate site-specific health and safety protocols, potentially including a Soil and Groundwater Management Plan to protect workers. Prior to initiating construction activity, the project will be required to implement all approved recommendations and submit to the City evidence of approval for any proposed remedial action and required clearances by applicable local, state, or federal regulatory agencies. Implementation of these Standard Condition of Approval will reduce the potential for significant risks to human health, and to water quality and air quality.

**Appropriateness of CEQA Approach**

Lamphier-Gregory has reviewed several recently published City of Oakland CEQA documents prepared by other consultants, to ensure that our approach to this project has been consistent with City standards and methodologies. Our review (see chart below) indicates the approach we used in preparing this CEQA document, and that was relied on by the Planning Commission when considering approval of the Mandela Parkway Hotel project, is fully consistent with the approach taken in numerous other recent City of Oakland documents also found to be fully consistent with CEQA requirements and guidelines.