

# DOWNTOWN OAKLAND SPECIFIC PLAN

## STATUS REPORT ON THE ZONING INCENTIVE PROGRAM ECONOMIC STUDY

NOVEMBER 6, 2019



City of  
Oakland



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*The Economics of Land Use*

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# EPS

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REAL ESTATE ECONOMICS

PUBLIC FINANCE

LAND USE & TRANSPORTATION

ECONOMIC DEVELOPMENT & REVITALIZATION

FISCAL & ECONOMIC IMPACT ANALYSIS

HOUSING POLICY

PUBLIC PRIVATE PARTNERSHIPS (P3)

PARKS & OPEN SPACE ECONOMICS



# AGENDA

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1. Study Background
2. Zoning Incentive Case Studies
3. Development Prototypes
4. Q&A / Discussion

# STUDY BACKGROUND

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# SCOPE OF WORK

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- Zoning Incentive Case Studies
  - Market Assessment
  - Development Prototypes
  - Financial Feasibility Analysis
  - Incentives Valuation Estimates
  - Stakeholder Outreach
  - Program Recommendations
  - Implementation Advisory
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- Q3 2019
- Q4 2019
- Q1 2020

# NEXT STEPS

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- Draft Feasibility Estimates      Early November
- EPS Coordination with Staff      Mid November
- EPS Revisions      Mid November
- Draft Results for Public      November 20<sup>th</sup>
- CAG meeting      December 5<sup>th</sup>

# ZONING INCENTIVE PROGRAM CASE STUDIES

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# POLICY CONSIDERATIONS

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## Formulaic

Specific development incentives are exchanged for pre-defined community benefits

- Pros:
  - More certainty
  - Lower administrative cost
- Cons:
  - Cannot respond to unique project challenges
  - Not responsive to fast-changing market conditions

## Hybrid

Benefits are formulaic for certain categories or projects, but negotiation also is possible in some cases

- Pros:
  - Some ability to respond to market conditions
  - More certainty in some cases
- Cons:
  - Can be costly to administer

## Negotiated

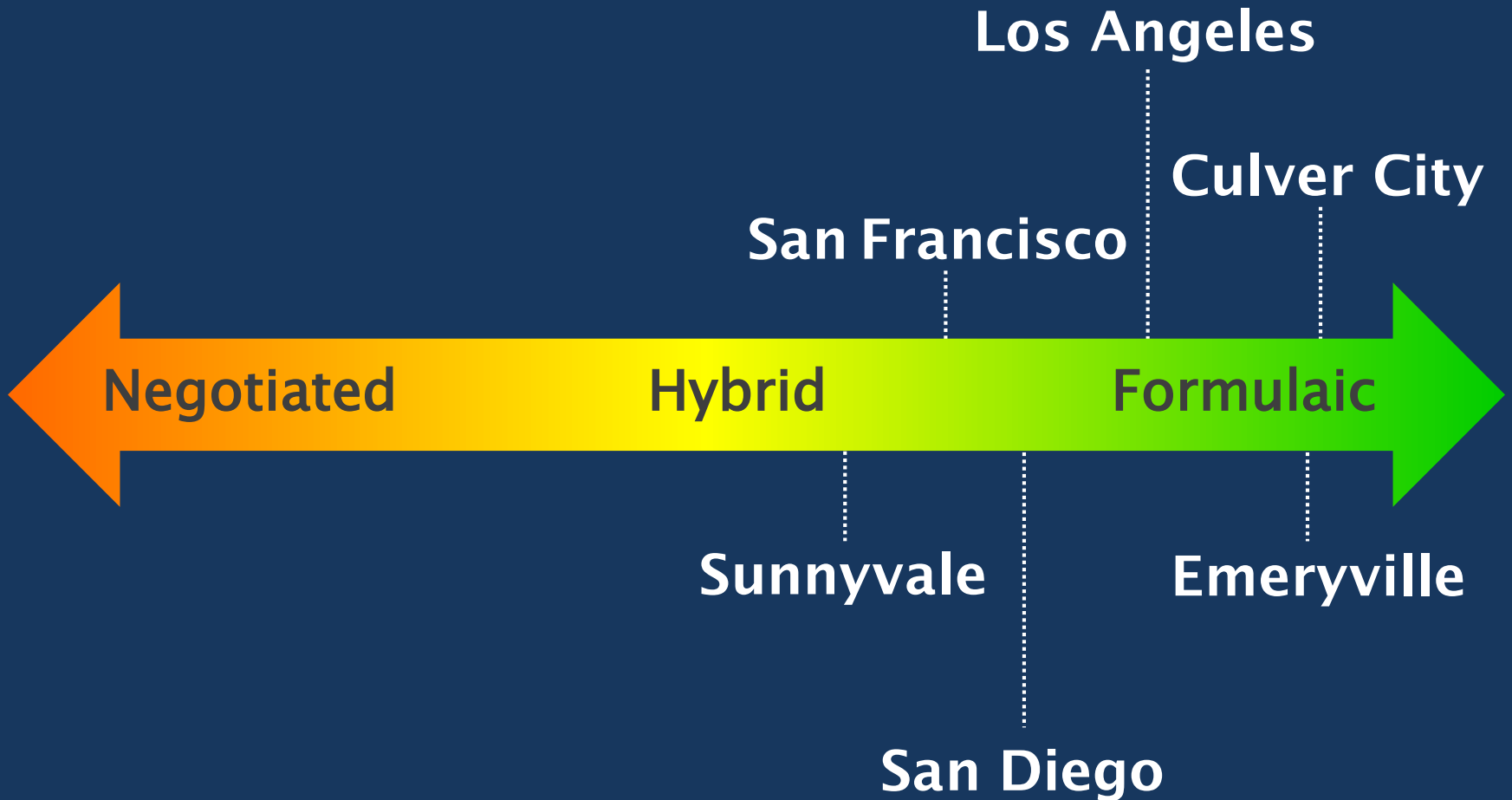
Benefits are agreed upon between the municipality and the project proponent.

- Pros:
  - Flexibility to change requirements
- Cons:
  - Costly to administer
  - Risk factor for development
  - Often not practical for smaller projects



# INCENTIVE PROGRAM CASE STUDIES

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# CITY OF SAN DIEGO



The City of San Diego Downtown Plan offers a **formulaic** Floor Area Ratio Bonus Program with clearly defined incentives:

<u>Benefit Category</u>	<u>Projects/Share</u>	<u>Benefit Value</u>
FAR Payment	16 / 19%	Over \$10 million generated for public parks
Green Building	16 / 19%	Construction of more sustainable buildings
Eco-Roof	12 / 14%	Landscaped roofs (bio-filtration and cooling)
Affordable Housing	14 / 16%	Production of 377 affordable DU
Three-Bedroom Units	10 / 12%	Production of 242 3-BR DU
Urban Open Space	5 / 6%	Production of 5 open spaces areas
Employment Use	1 / 1%	Sempra Building
Public Parking	1 / 1%	200 public spaces

# CITY OF SAN FRANCISCO



San Francisco offers **density bonuses** through three different optional programs:

## *HOME-SF*

- Tiered density bonuses for mixed-income projects that set aside **20 to 30 percent** of units for low, middle and moderate-income families
- Focuses on **family-friendly housing** in neighborhood commercial and transit corridors

## *100% Affordable Housing Bonus Program (AHBP)*

- Offers additional height and density to developers who build projects solely for **low and very-low income** households
- **Less stringent** eligibility requirements than HOME-SF

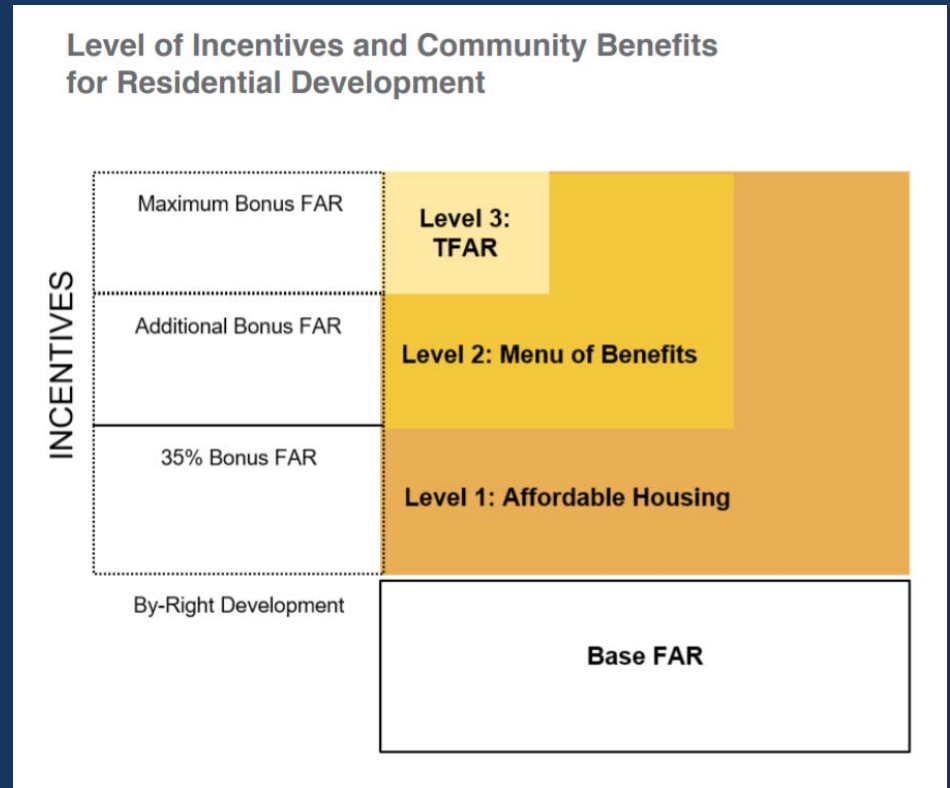
## *Analyzed State Density Bonus*

- Affords **up to a 35% increase** in density
- Includes a **set menu of concessions**, incentives, and waivers that project sponsors may choose to help achieve their bonus
- Provides a **middle ground** between State and City bonus

# CITY OF LOS ANGELES

## *Transfer of Floor Area Rights (TFAR) Program*

- Established in 1975
- Relieves market pressure on low and medium rise historic buildings by permanently removing their development potential
- Allows designated sending sites to sell/transfer their **unused floor area rights** to eligible receiving sites
- Receiving sites must provide a Public Benefit Payment



*Only projects located in the TFAR area have the option to utilize the TFAR program under Level 3*

# DEVELOPMENT PROTOTYPES

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# DOWNTOWN OAKLAND SUBAREAS

**KONO**

**Uptown**

West of San Pablo

Old Oakland

**Jack London/  
Victory Court**



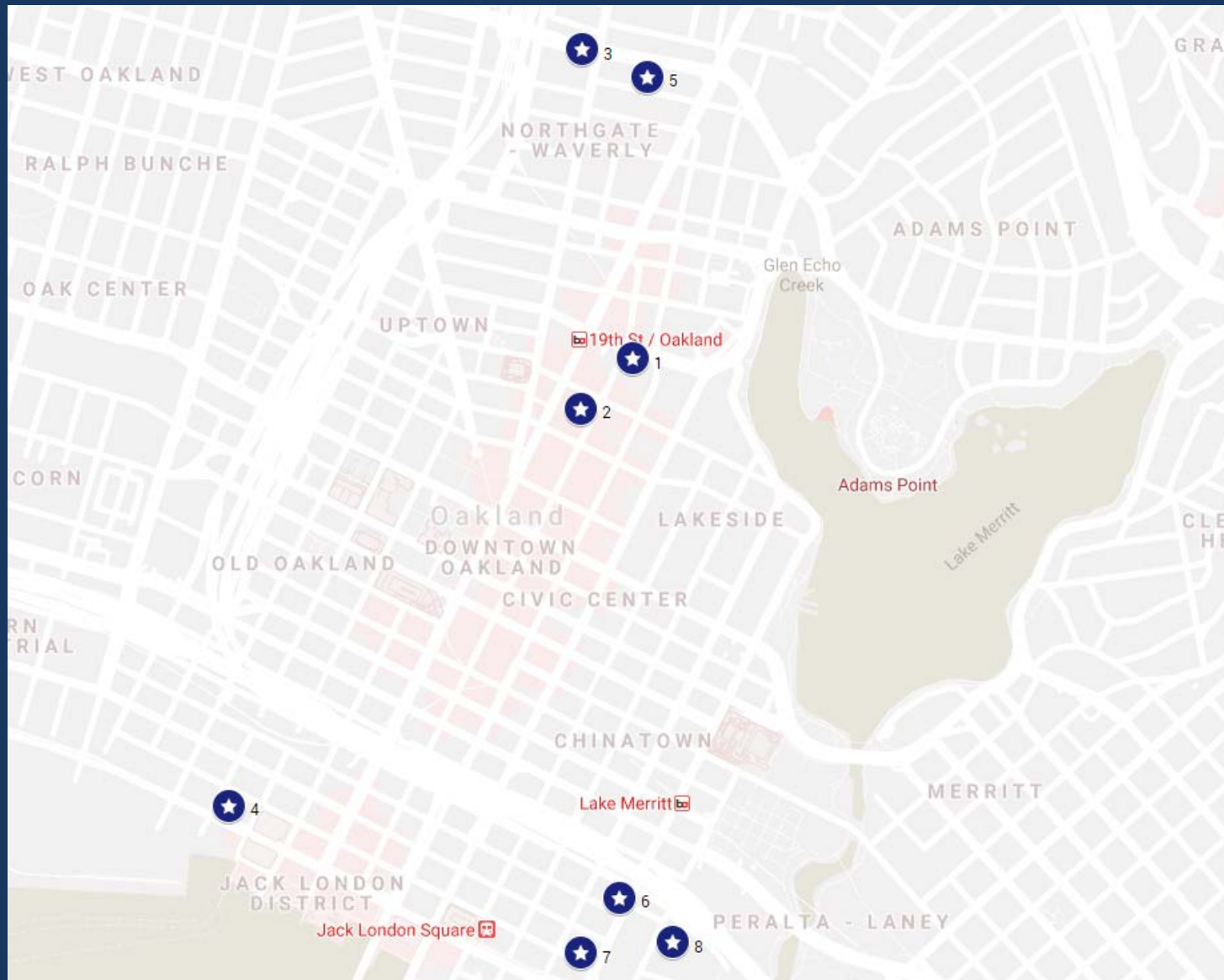
Lake Merritt

Central Core

Lakeside

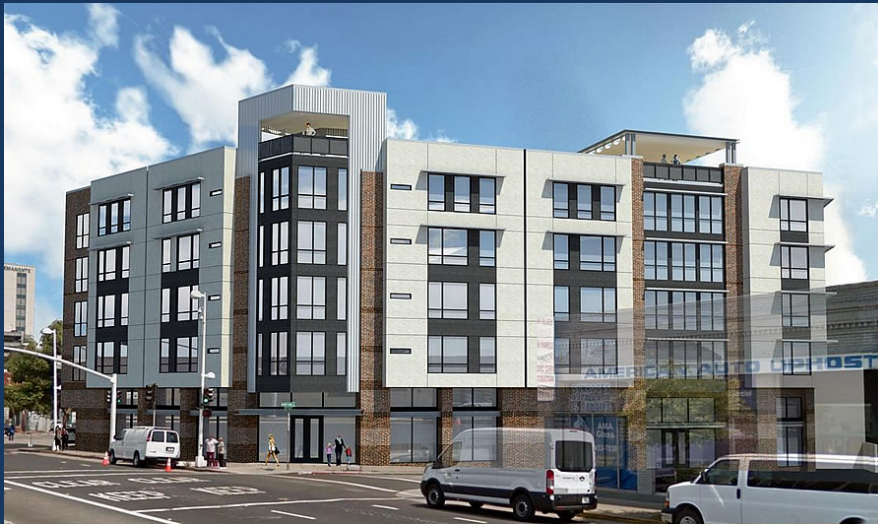
Chinatown

# PROTOTYPES MAP



# REAL ESTATE DEVELOPMENT TYPES AND DENSITIES

Type III or V



Type I

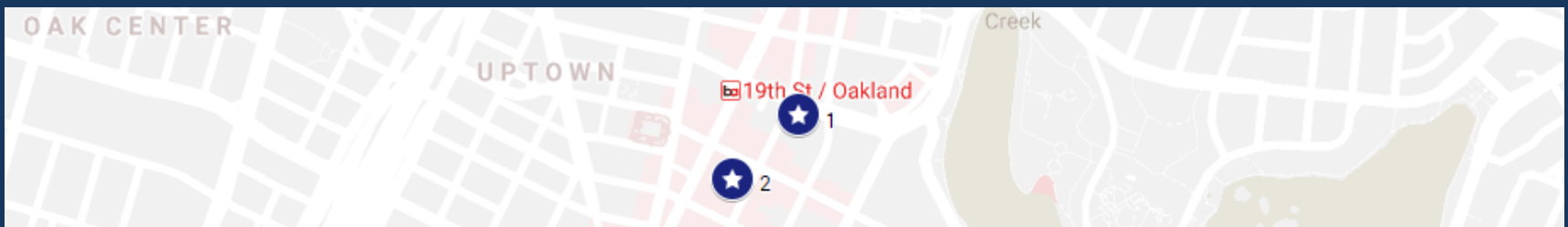


- Type III or V: Wood frame construction over concrete podium, up to 5–7 stories
- Type I: Steel frame construction common for high rise development, up to 40 stories
- Both projects are currently under construction in the City's Broadway Valdez area.



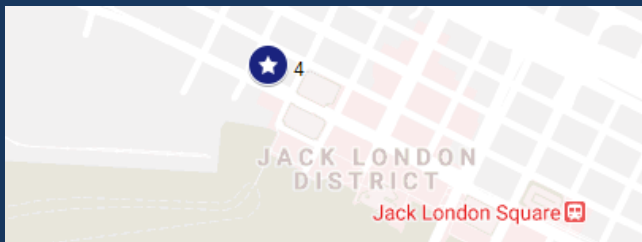
# OFFICE DEVELOPMENT PROTOTYPES

<u>Prototype Characteristic</u>	<u>Prototype 1</u>	<u>Prototype 2</u>
Neighborhood / Zone	Uptown / CBD	Uptown / CBD
Lot Size	1.26 Acres	1.03 Acres
Base Zoning Allowance	1.09 MSF	0.89 MSF
Up-zoning	1.64 MSF	1.34 MSF
Bonus Square Footage	0.55 MSF	0.45 MSF
Bonus Percentage	50%	50%
Base Construction Type	Type I	Type I
Up-zoning Construction Type	Type I	Type I



# RESIDENTIAL DEVELOPMENT PROTOTYPES

<u>Characteristic</u>	<u>Prototype 3</u>	<u>Prototype 4</u>	<u>Prototype 5</u>
Neighborhood / Zone	KONO / RU-4	Jack London / C45/S-4	KONO / CC-2
Lot Size	1.79 Acres	1.38 Acres	0.40 Acres
Base Zoning Allowance	268 KSF	78 KSF	42 KSF
Up-zoning	733 KSF	563 KSF	90 KSF
Bonus Square Footage	465 KSF	485 KSF	48 KSF
Bonus Percentage	174%	622%	116%
Base Type	Type III	Type V	Type III
Up-zoning Type	Type I	Type I	Type I



# OFFICE TO RESIDENTIAL DEVELOPMENT PROTOTYPES (WITH EXISTING INDUSTRIAL USES)

<u>Characteristic</u>	<u>Prototype 6</u>	<u>Prototype 7</u>	<u>Prototype 8</u>
Neighborhood / Zone	Jack London / M-20/S-4	Jack London / M-20/S-4	Victory Ct./ M-20/S-4
Lot Size	1.26 Acres	0.77 Acres	1.61 Acres
Base Zoning Allowance	275 KSF	169 KSF	351 KSF
Up-zoning	628 KSF	317 KSF	827 KSF
Bonus Square Footage	353 KSF	148 KSF	476 KSF
Bonus Percentage	128%	88%	136%
Base Type	Type III	Type III	Type III
Up-zoning Type	Type I	Type I	Type I



# DISCUSSION

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