

# **Oakland General Plan Update 2045: Industrial Lands Memorandum**

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August 23, 2022

In August and September, the City of Oakland will be convening two Industrial Lands discussion groups to inform the preparation of a citywide industrial lands study. This memo provides information on the background and purpose of the industrial lands study, the history and context of industrial land in Oakland, Oakland's current industrial landscape, and work to date on forthcoming policy and zoning amendments.

## **BACKGROUND**

Industrial jobs are an important part of Oakland's economy and will continue to play an important role in the City's future, providing critical employment opportunities for many residents and tax revenues that help support vital city services. While Oakland maintains locational and other advantages and assets that support industrial activity, including a strategically located port with access to labor, capital, and consumer markets, as well as transportation infrastructure and accessibility, the industrial sector also faces existential challenges due to land cost, pressure for property conversion, rising labor costs, competition, regulatory challenges, traffic, and neighborhood complaints, among others. The City must also consider the pollution and health equity impacts of industrial activity.

The City is updating its General Plan, a project occurring in two phases. As part of Phase I, the City will build on its work over the past few years and identify key opportunities and key challenges related to industrial lands and environmental justice. Phase I will culminate in an Industrial Lands Policy Recommendation Study and an Environmental Justice Element. In Phase 2, the team will evaluate land use alternatives and define policies to support diverse and thriving industrial nodes in the city while also protecting residential zones from adverse air quality, noise, and other environmental impacts.

## **HISTORY AND CONTEXT**

The City of Oakland has served as a hub for industrial activity since the mid-1800s when it was identified as the western terminus of the Transcontinental Railroad, leading to the railroad industry in West Oakland and food processing and auto manufacturing in East Oakland. The City established "Light" and "Heavy-Industrial" zoning districts in the 1930s, which set the foundation for the industrial areas that exist in the city today. In 1937, the Home Owners' Loan Corporation (HOLC) created maps that classified neighborhoods by their perceived level of lending risk. The "A" areas, in green, were

considered “hot spots” where mortgage lenders were willing to make maximum loans, the “B areas, in blue, were deemed not as desirable but still good, while “C” areas, in yellow, were considered in decline, and lastly, “D” area, in red, were areas lenders should avoid. Neighborhoods that were “redlined” now sit on lower-lying land and are situated near industrially zoned land.

To try and remedy this disproportionate environmental burden, an Industrial Zoning Update in 2008 created a buffer for hazardous materials and applied special rules to reduce impacts from recycling operations. In 2014, another Industrial Zoning Update, specifically for West Oakland, prohibited some heavy industrial uses.

### **OAKLAND’S CURRENT INDUSTRIAL LANDSCAPE**

Oakland’s current industrial land occupies approximately 10 square miles of the city, where about 60 percent of the industrial land inventory is situated in the West and East Oakland neighborhoods. The City’s industrial land supply remains concentrated along the major I-880 freeway and rail corridors, which offer proximity and accessibility to the business and population centers of the city and the region. The total employment in industrial areas accounts for 18 percent of total city employment on less than six percent of the city’s land supply. Industrial business activities provide an important base of stable, well-paying jobs with limited barriers to entry for Oakland residents, particularly those without a college education.

Oakland is home to one of the Bay Area’s largest industrial submarkets, focused on warehouses and distribution uses. Despite the strength of Oakland’s industrial sector, its inventory has increased at a slower pace compared to Alameda County and the Bay Area as a whole. Transportation, warehouse, and distribution services account for the largest number of industrial jobs at 39 percent, employing 13,070 people. Examples include couriers and messengers, air transportation, truck transportation, and the postal service. Manufacturing is the second largest group at 14 percent, comprising food, metal, computer and electronic, and furniture manufacturing, respectively. This subsector employs 4,880 people.

In 2020, the City published the [“Current Conditions Report: Industrial Lands and Business Activities in Oakland.”](#) While the industrial market has remained strong, industrial development in Oakland has been impacted by policy developments, including Ordinance No. 13370 C.M.S. in 2016 and Ordinance No. 13464 C.M.S. in 2017, which established permitting processes for the cannabis supply chain and the areas in which they are allowed. The creation of the cannabis “green zone,” which includes commercial and industrial zones, has increased demand for industrial real estate, speculative land acquisition and holding, as well as the displacement of some existing businesses and live/work communities. Increased market pressures on industrial lands also stem from air quality impacts that have led environmental justice groups to call for buffers between residential and industrial uses, and major development interest in the West Oakland, Fruitvale, and Coliseum neighborhoods.

Currently, Oakland's industrial building stock remains in demand, building vacancies are very low, and rents are at an all-time high level. Nevertheless, there are concerns about the adequacy and suitability of some of Oakland's industrial building stock and older industrial areas for attracting and retaining modern industrial operations.

For more about Oakland's industrial history and the political, social, and economic conditions and policies that have shifted Oakland's industrial landscape, please review "[History of Industrial Activities and Industrial Zoning in Oakland](#)," a white paper recently completed by the City's Planning Department.

### **ENVIRONMENTAL JUSTICE AND HEALTH EQUITY CONCERNS**

Currently, many of Oakland's most vulnerable populations face disparate air pollution and health impacts. There is a growing body of research that has established strong connections between transportation emissions and air pollution in industrial areas. Pollution levels are elevated in areas of the city where residential uses are adjacent to industrial uses, freeways, truck routes, and major streets.

The data shows that there are major racial disparities in health outcomes and emissions exposure in Oakland. Industrial lands tend to be located next to the highest priority neighborhoods (as defined by the Oakland Department of Transportation (OakDOT) [Geographic Equity Toolbox](#)) and people living adjacent to heavy industrial zones, railroads, freeways, and truck routes are more likely to be people of color. The [draft Environmental Justice and Racial Equity Baseline for the General Plan](#) finds that there are higher concentrations of communities of color living in the census tracts that have higher pollution burden scores, putting them at greater risk than white populations. Communities of color are then disproportionately impacted by the resulting health outcomes, such as increased childhood asthma and mortality rates due to air pollution, compared to neighborhoods that are predominantly white.

The City has been working to implement community-driven strategies derived from the West Oakland Community Action Plan (WOCAP) that focus on reducing air pollution from industrial businesses, particularly businesses which rely on trucks for supplies and distribution.

### **WORK PRIOR TO THE GENERAL PLAN UPDATE**

In June 2021, the City's Planning and Building Department (PBD) began an effort to update existing regulations for industrial lands that was intended to 1) respond to concerns regarding pressures to convert industrial land into residential and commercial land uses; and 2) implement citywide emissions exposure reduction strategies that address proximity of industrial lands, truck routes, and rail lines to residential dwellings, particularly communities in West and East Oakland. From June to October 2021, the City met with industrial and environmental justice stakeholders to gather [feedback](#) on how to address these two issues. The result of this work was a draft proposal that would amend the Oakland Planning Code as it relates to industrial land uses to reduce

emissions exposure and minimize competing uses in industrial zones. Major aspects of the proposal include: 1) requiring a conditional use permit (CUP) for specific heavy industrial uses within 500 ft. of residential uses that has specific design, performance, and operating standards; 2) restricting competing uses, such as schools, daycares, gyms, and mini-storage within the core of industrial zones throughout the city. This proposal is still under development and will be refined as part of the General Plan Update process.

### **WORK TO-DATE AS PART OF THE GENERAL PLAN UPDATE**

The General Plan team published the [Economic Trends and Prospects Report](#) in June 2022 an analysis of baseline conditions and trends affecting Oakland's economic prospects and growth opportunities. Oakland has numerous physical, infrastructure, and socioeconomic assets that can be leveraged to promote development patterns and growth opportunities that might be prioritized in the General Plan. These include a central location in a highly dynamic regional economy, excellent transportation infrastructure, a growing workforce, a large housing stock, abundant land development opportunities, a desirable climate, and cultural diversity, among other attributes.

The report also notes that growth of the Bay Area industrial market in recent years is attributed to the growth in Life Science and Biotechnology industries, clustering in Alameda County communities like Emeryville, Berkeley, and Alameda, with Oakland being a notable exception. The City may consider policy changes that can facilitate the development of viable R&D/biotechnology uses to draw these industries. Additionally, Oakland may be well-positioned for fulfillment centers, which can benefit logistics and some industrial sectors, and generate substantial sales-tax revenues to support the City's General Fund, even though they do not generate high levels of employment.

Additionally, the Planning Team conducted [a stakeholder meeting](#) with life sciences and commercial developer groups on May 19<sup>th</sup>, 2022. Many participants were optimistic that Oakland could introduce and support a life sciences industry if it could overcome zoning issues, identify areas with enough space, and speed up the plan review process.

Coupled with findings from the August and September discussion groups, the team will produce a comprehensive industrial lands study and recommendations for policy development in the fall.