

November 20, 2019

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| Location: | CITYWIDE |
| Proposal: | To recommend to the Association of Bay Area Governments (ABAG) the designation of two Priority Production Areas (PPAs) in the City of Oakland. PPAs will be identified in the region’s long-range plan – Plan Bay Area 2050 – which will help to position these areas for future planning and investment. |
| Applicant: | City of Oakland |
| General Plan: | Various |
| Zoning: | Various |
| Environmental Determination: | The proposal relies on the previously certified Environmental Impact Reports (EIRs) for the Land Use and Transportation Element of the General Plan; the Historic Preservation Element of the General Plan; the 2015-2023 Housing Element; various Redevelopment Plans; the West Oakland, Lake Merritt Station Area, Broadway-Valdez, and Central Estuary Specific Plans; and the Plan Bay Area. On a separate and independent basis, the proposal is also exempt from CEQA pursuant to CEQA Guidelines Sections 15262 (Feasibility and Planning Studies); 15307 (Actions by Regulatory Agencies for Protection of Natural Resources); and/or 15061(b)(3) (the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment.) |
| City Council Districts: | 3, 7 |
| Status: | Pending |
| Action to be Taken: | Review of proposal that requires adoption by City Council |
| For Further Information: | Contact case planner Diana Perez-Domencich (510) 238-3550 or by email: DPerez-Domencich@oaklandca.gov . |

SUMMARY

Staff is requesting that the Planning Commission review the proposed designation of two areas in the city as “Priority Production Areas” (PPAs). PPAs are a pilot program established this year by the Association of Bay Area Governments (ABAG) to encourage middle-wage job growth near affordable housing and to support industry clusters in advanced manufacturing, and Production, Distribution and Repair (PDR) services. PPA designations are critical for the City of Oakland in that they will be identified in the next iteration of Plan Bay Area, which will position these areas for future planning and investment. The Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) also anticipate identifying funding and/or technical assistance to support planning and infrastructure for PPAs. The PPA map designations are not a regulatory tool, but instead define areas that may be eligible for future funding from regional agencies. None of the designations affect in any way the existing regulatory or policy structure for land use contained in the City’s General Plan, Specific Plans, Planning Code and/or similar land use development policies or procedures.

BACKGROUND

Senate Bill 375 (Steinberg), the Sustainable Communities and Climate Protection Act of 2008, supports California's climate change mitigation goals by directing Metropolitan Planning Organizations and Councils of Government across the state to develop a Sustainable Communities Strategy (SCS).¹ The SCS is a long-range regional growth and transportation plan for meeting greenhouse gas emissions reduction targets and providing adequate housing for the region's projected population growth.²

On July 26, 2017, the Executive Board of the Metropolitan Planning Commission (MTC) and the Association of Bay Area Governments (ABAG)³ adopted Plan Bay Area 2040, the San Francisco Bay Area's most recent Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS). Plan Bay Area 2040 charts how the region will spend \$303 billion in expected federal, state, regional, and local transportation funds, to support land use patterns that can accommodate an expected growth of 820,000 new households—across all income levels—and 1.3 million jobs by the year 2040, while meeting the region's per-capita GHG emissions reduction target of 7 percent by 2020 and 15 percent by 2035 from 2010 levels.⁴

Regional Growth Framework Update

Two major tools for implementation of Plan Bay Area are designations for Priority Development Areas (PDAs), and Priority Conservation Areas (PCAs), which are designated and mapped by local jurisdictions and approved by ABAG and MTC every four years. In May of 2019, ABAG and MTC added the Priority Production Area (PPA) designation as a new pilot program, and revised the definitions and eligibility criteria for PDAs and PCAs. Together, PDAs, PCAs and the new PPAs will comprise Plan Bay Area 2050's Regional Growth Framework, which will shape the investments and growth pattern established during the Plan Bay Area 2050 planning process.

- **Priority Production Areas (PPAs)** are intended to encourage middle-wage job growth near affordable housing by supporting regionally-significant industrial clusters in manufacturing, and Production, Distribution and Repair (PDR) services. To qualify for the PPA designation, the proposed area must meet the following criteria:
 - Be zoned for industrial use or have a high concentration of industrial activities such as production, advanced manufacturing, distribution, or related activities.
 - Must not be within ½ mile of a regional rail station or overlap with a PDA.
 - Be located within a jurisdiction with a certified housing element.
- **Priority Development Areas (PDAs)** are mapped where new development will support the day-to-day needs of residents and workers in a pedestrian-friendly environment served by transit. Historically, to be eligible to become a PDA, an area had to be within an existing community, near existing or planned fixed transit or served by comparable bus service, and planned for more housing. This year, ABAG and MTC established two categories of PDAs (Transit Rich and Connected Community) and modified the eligibility criteria to include High

¹ Institute for Local Government, "Understanding SB 375: Regional Planning for Transportation, Housing and the Environment," 2011, https://www.ca-ilg.org/sites/main/files/file-attachments/resources__Understanding_SB_375_Regional_Planning_Guide.pdf.

² Institute for Local Government.

³ MTC is the Bay Area's metropolitan planning organization (MPO). MPOs were established under federal law and are responsible for developing the Regional Transportation Plan (RTP). As the regional council of government (COG), ABAG is responsible for implementing the Regional Housing Needs Allocation (RHNA) program.

⁴ "Plan Bay Area 2040 Final Plan," Regional Transportation Plan and Sustainable Communities Strategy for the San Francisco Bay Area 2017–2040. (Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG), July 26, 2017), <http://2040.planbayarea.org/reports>.

Resource Areas⁵ that are within one-half mile of an existing or planned high-quality bus line.⁶ The area must also have an adopted Specific, or equivalent Plan for housing and job growth adopted, or be adopted no later than 2025.

- **Priority Conservation Areas (PCAs)** are regionally significant parks and green spaces, recreation trails, and agricultural areas where there has been broad consensus for protection from development pressure. They are also potential green spaces in urban areas that increase habitat connectivity, improve community health, capture carbon emissions, and address treating storm water.

The City of Oakland's existing PDA and PCA designations have been very beneficial for the city because they are prioritized by regional agencies to award grants for targeted investments in infrastructure, park improvements, urban greening, nature preservation and recreation activities, planning efforts, and other programs. For example, the PDA Planning Program awards grants to help municipalities develop local land-use plans and policies for areas neighboring future rail and ferry stations. In addition, ABAG and MTC also anticipate identifying funding and/or technical assistance to support planning and infrastructure for PPAs. PPAs will also be identified in Plan Bay Area 2050, which can position these areas for future investment and planning.

The PCA, PDA, and PPA designations will not have any regulatory authority, nor affect in any way the city's existing regulatory or policy structure for land use contained in the General Plan, Specific Plans, Planning Code, or similar land use development policies or procedures. These map designations do, however, define areas that may be eligible for future funding and technical assistance from regional agencies.

Proposed Designations

The City of Oakland adopted its existing PCA and PDA designations through Council Resolution 85669 on June 22nd, 2015. There were no proposed updates to PCAs in 2019. See **Attachment D** for a map of the adopted PCA designations.

ABAG and MTC allowed modifications of existing PDAs to occur at the administrative level. Planning staff recommended changes to existing PDAs and submitted the proposal to ABAG and MTC on September 16th, 2019. These updated designations comprised of relatively minor modifications to existing PDAs that went through extensive community processes in previous years. See **Attachment B** for a map of the PDA designations proposed this year and **Attachment C** for a map outlining the changes.

The subject of this report is to review the proposed designation of the following two areas in the City of Oakland as "Priority Production Areas" (PPAs): the seaport and the airport. PPA proposals were due to ABAG and MTC by Sept. 16, 2019. In addition, the City Council must approve the proposed PPAs by resolution. The City of Oakland has received a deadline extension to adopt the resolution by January 21st, 2019. Though not required by regional agencies, staff is asking the Planning Commission to review the proposal and provide a recommendation to City Council. See **Attachment A** for a map of the proposed PPA designations.

⁵ High Resource Areas are defined by the California Department of Housing and Community Development on adopted Opportunity Maps available at <https://www.treasurer.ca.gov/ctcac/opportunity.asp>

⁶ "High-quality" is defined as bus lines with headways of no more than 30 minutes in peak periods.

PRIORITY PRODUCTION AREAS

Background

The Bay Area economy has grown by 40 percent over the last two decades.⁷ While this growth has been driven in part by a larger workforce, the greater share of job growth is concentrated in professional or low-wage service and retail jobs.⁸ Compounding the bifurcation of the regional economy, the Bay Area continues to lose jobs in middle-wage industries.⁹

Industrially-zoned land provides opportunities for middle-wage employment.¹⁰ For example, a 2017 report found that 44% of jobs located on land zoned exclusively for industrial use paid a middle-wage.¹¹ Recognizing the region's widening income disparities and the role industrial land plays in middle-wage job growth, Plan Bay Area 2040 called for establishing criteria for a Priority Production Area (PPA) program.¹² As previously mentioned, the primary goal of the PPA program is to encourage local jurisdictions to preserve land for industrial use in order to provide opportunities for growth of middle-wage jobs. This is significant because the Bay Area has lost as much as one-third of jobs in the manufacturing sector since 2000.¹³

Locally, one of the largest contributors to Oakland's economic growth is the transportation and logistics sector. Two key drivers of this growth are the Oakland Airport and Seaport. Regionally, these two economic engines are the Bay Area's primary center for goods movement. Designating the Oakland Seaport and Airport as Priority Production Areas (PPAs) supports the City's Economic Development Strategy by positioning these areas for future planning and investment.¹⁴ These areas are also likely to require funding to adapt to sea level rise.

Staff anticipates more PPAs to be established after the General Plan is updated over the next several years. That process is expected to include a robust discussion regarding the designation of industrial land in Oakland. Due to ABAG deadlines, however, there is insufficient time to consider the full inventory of industrial lands during this initial round of PPA designation.

Seaport Priority Production Area (PPA)

Based on 2017 data, the Seaport at the Port of Oakland was ranked the eighth busiest container port in the United States.¹⁵ In 2017, Seaport activities directly generated 11,393 jobs, which include truckers serving the marine terminals, terminal and warehouse operators, as well as rail crew, yardmen and dispatchers moving containers by rail to and from the marine terminals.¹⁶ The 11,393 individuals directly employed in these jobs received average annual salary of \$56,275, totaling \$641 million in wages and salaries.¹⁷ The importance of the Oakland Seaport to the local economy is highlighted by the residency of people employed

⁷ "Futures Interim Report: Opportunities and Challenges" (ABAG and MTC, March 15, 2019), https://mtc.ca.gov/sites/default/files/Horz_Futures_OppsChallenge_031519.pdf.

⁸ "The Future of Jobs: Perspective Paper," Horizon (ABAG and MTC, May 2019), https://mtc.ca.gov/sites/default/files/Horizon_FutureofJobs_May2019_email.pdf.

⁹ "Futures Interim Report: Opportunities and Challenges."

¹⁰ "The Future of Jobs: Perspective Paper."

¹¹ Karen Chapple, "The Conversion of Industrially Zoned Land," Industrial Land and Jobs Study for the San Francisco Bay Area (Center for Community Innovation, January 2017), <https://communityinnovation.berkeley.edu/publications>.

¹² "Plan Bay Area 2040 Final Plan."

¹³ "The Future of Jobs: Perspective Paper."

¹⁴ "Economic Development Strategy: 2018-2020" (City of Oakland, November 28, 2017), <https://www.oaklandca.gov/projects/economic-development-strategy>.

¹⁵ "Facts & Figures," Oakland Seaport, accessed October 30, 2019, <https://www.oaklandseaport.com/performance/facts-figures/>.

¹⁶ Martin Associates, "The Economic Impact of the Port of Oakland" (Port of Oakland, October 9, 2018), <https://www.portofoakland.com/economic-impact-report/economic-impact-report/>.

¹⁷ Martin Associates.

in jobs directly generated by the Seaport. Nearly 54 percent of the 11,393 jobs directly generated by the Seaport in 2017 were held by Alameda County residents, of these 23 percent were Oakland residents.¹⁸ In addition, designating the Seaport as a PPA would bolster the City's strategic investment in converting the former Oakland Army Base into a modern logistics center.¹⁹

Airport Priority Production Area (PPA)

The Oakland International Airport moved 13 million passengers and 1.2 billion pounds of cargo in 2017. In addition, a variety of firms provide support services to the airlines, passengers, and the Airport. This includes, catering and janitorial firms, corporate hangars, airport retail tenants such as newsstands and food concessions, and security firms. Together, the activities at the Airport generated 8,892 direct jobs in 2017. These are jobs that would be impacted immediately by changes in the number of flights and passenger volume. Approximately 54 percent of the people employed in these 8,892 jobs live Alameda County, including 16 percent of whom are Oakland residents. An estimated total of \$608.3 million in wages and salaries was paid to the 8,892 people employed in jobs directly generated by the Airport.²⁰

COMMUNITY OUTREACH

The Bureau of Planning consulted with the Port of Oakland and the City of Oakland Workforce and Economic Development Department in its recommendation of the two PPAs described in this report. In addition, staff is working with the Port of Oakland to schedule a presentation before the Board of Port Commissioners during the November 21st meeting. Staff will also present this PPA proposal to the West Oakland Commerce Association on November 20th.

Staff anticipates establishing additional PPAs after the General Plan update process, during which the City can engage with a broad range of stakeholders in a comprehensive conversation on industrial-land preservation. At this time, staff recommends designating the Port of Oakland Seaport and Airport as two PPAs in order to position these areas for future investment and funding.

MAP SHOWING ALL PROPOSED PPAs

Attachment A contains a map outlining the proposed Priority Production Area (PPA) designations.

ENVIRONMENTAL DETERMINATION

The proposal relies on the previously certified Environmental Impact Reports (EIRs) for the Land Use and Transportation Element of the General Plan; the Historic Preservation Element of the General Plan; the 2015-2023 Housing Element; various Redevelopment Plans; the West Oakland, Lake Merritt Station Area, Broadway-Valdez, and Central Estuary Specific Plans; and the Plan Bay Area.

On a separate and independent basis, the proposal is also exempt from CEQA pursuant to CEQA Guidelines Sections 15262 (Feasibility and Planning Studies); 15307 (Actions by Regulatory Agencies for Protection of Natural Resources); and/or 15061(b)(3) (the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment.)

CONCLUSION

In May of 2019, the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) established the Priority Production Area (PPA) pilot program to encourage middle-

¹⁸ Martin Associates.

¹⁹ Oakland Economic Development Strategy.


²⁰ Martin Associates, "The Economic Impact of the Port of Oakland" (Port of Oakland, October 9, 2018), <https://www.portofoakland.com/economic-impact-report/economic-impact-report/>.

wage job growth near affordable housing and support industry clusters in the manufacturing, production, distribution and repair sectors. PPA designations are critical for the City of Oakland in that they will be identified in the next iteration of Plan Bay Area, which will position the Oakland Airport and Seaport areas for future investment and funding. ABAG and MTC also anticipate identifying funding and/or technical assistance to support planning and infrastructure for PPAs. The PPA map designations are not a regulatory tool, but instead define areas that may be eligible for future funding from regional agencies. None of the designations that comprise Plan Bay Area 2050's Regional Growth Framework affect in any way the existing regulatory or policy structure for land use contained in the City's General Plan, Specific Plans, Planning Code and/or similar land use development policies or procedures.

RECOMMENDATION

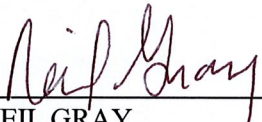
Staff requests that the Planning Commission take public comment, discuss the item and recommend that the City Council adopt the Oakland Airport and Seaport as proposed "Priority Production Areas" (PPAs).

Prepared by:



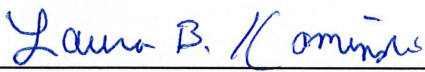
DIANA PEREZ-DOMENCICH
Planner I

Reviewed by:



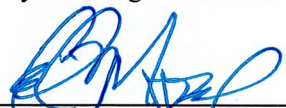
NEIL GRAY
Planner IV

Approved by:



LAURA B. KAMINSKI
Acting Strategic Planning Manager

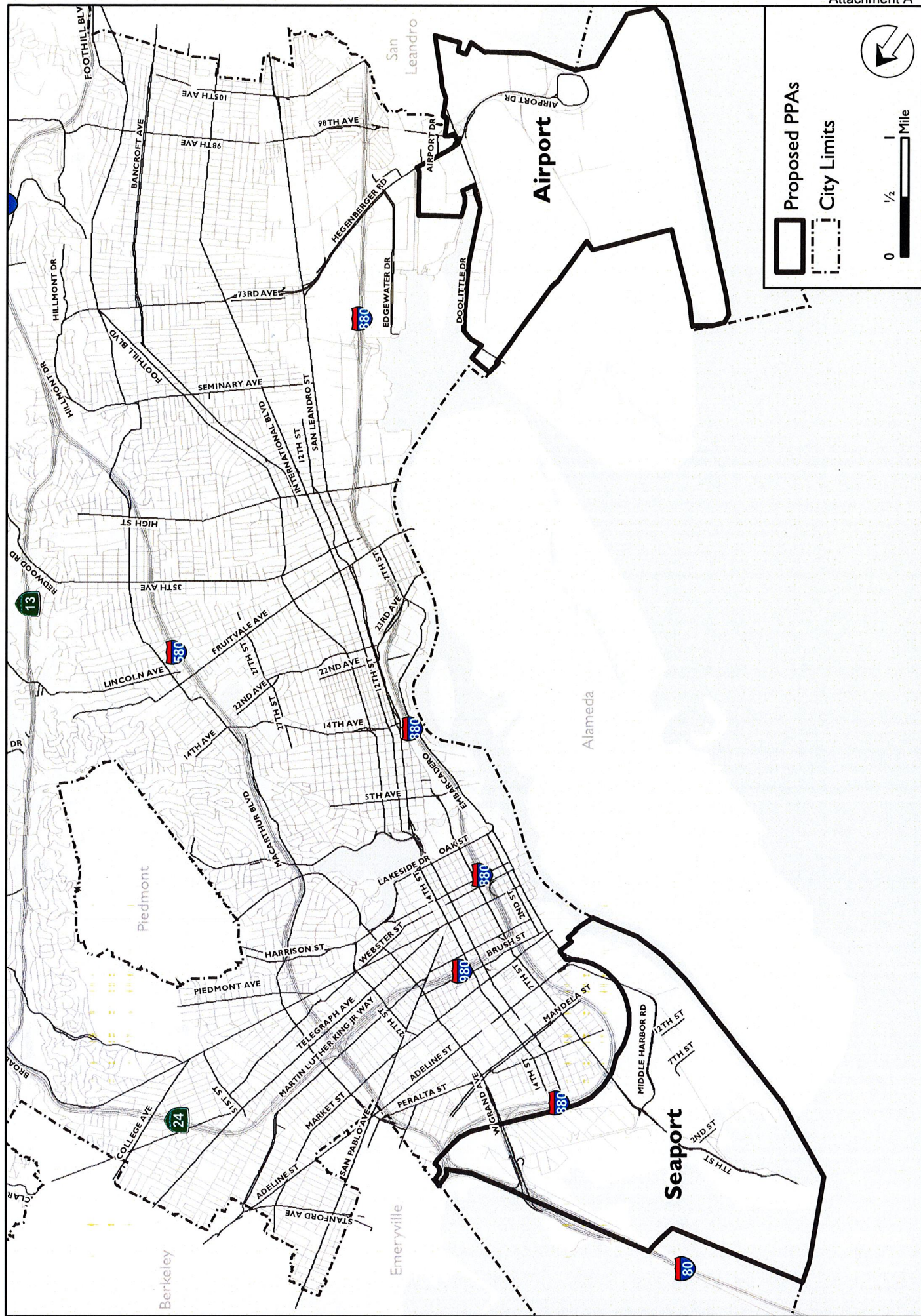
Approved for forwarding to the
City Planning Commission:



ED MANASSE
Deputy Director, Bureau of Planning

ATTACHMENTS:

- A. 2019 Proposed PPA map
- B. 2019 Proposed PDA map
- C. 2019 Proposed PDA map showing changes to existing PDAs
- D. 2015 Map of Adopted PCAs



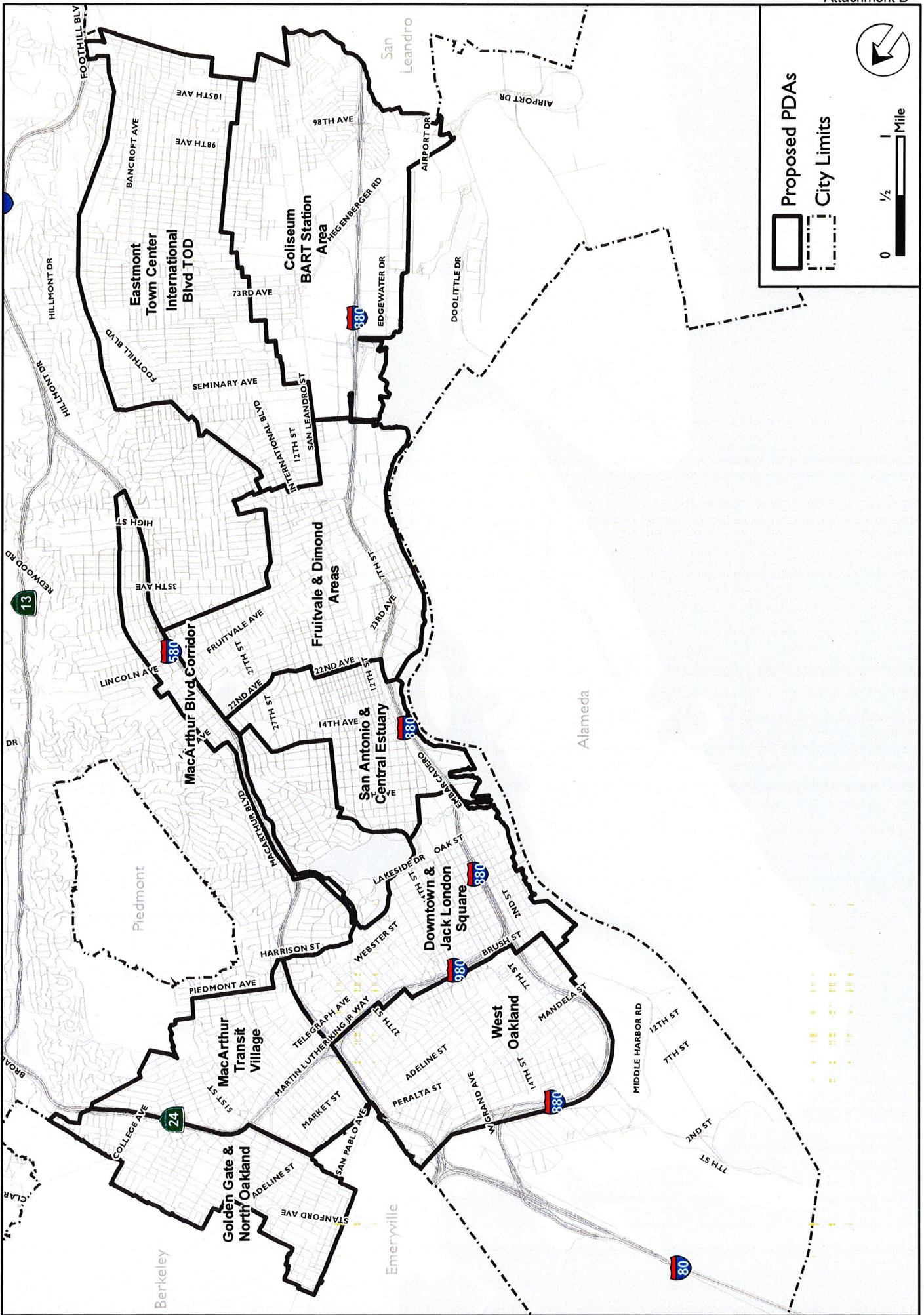
Proposed PPAs

City Limits

0 1/2 1 Mile

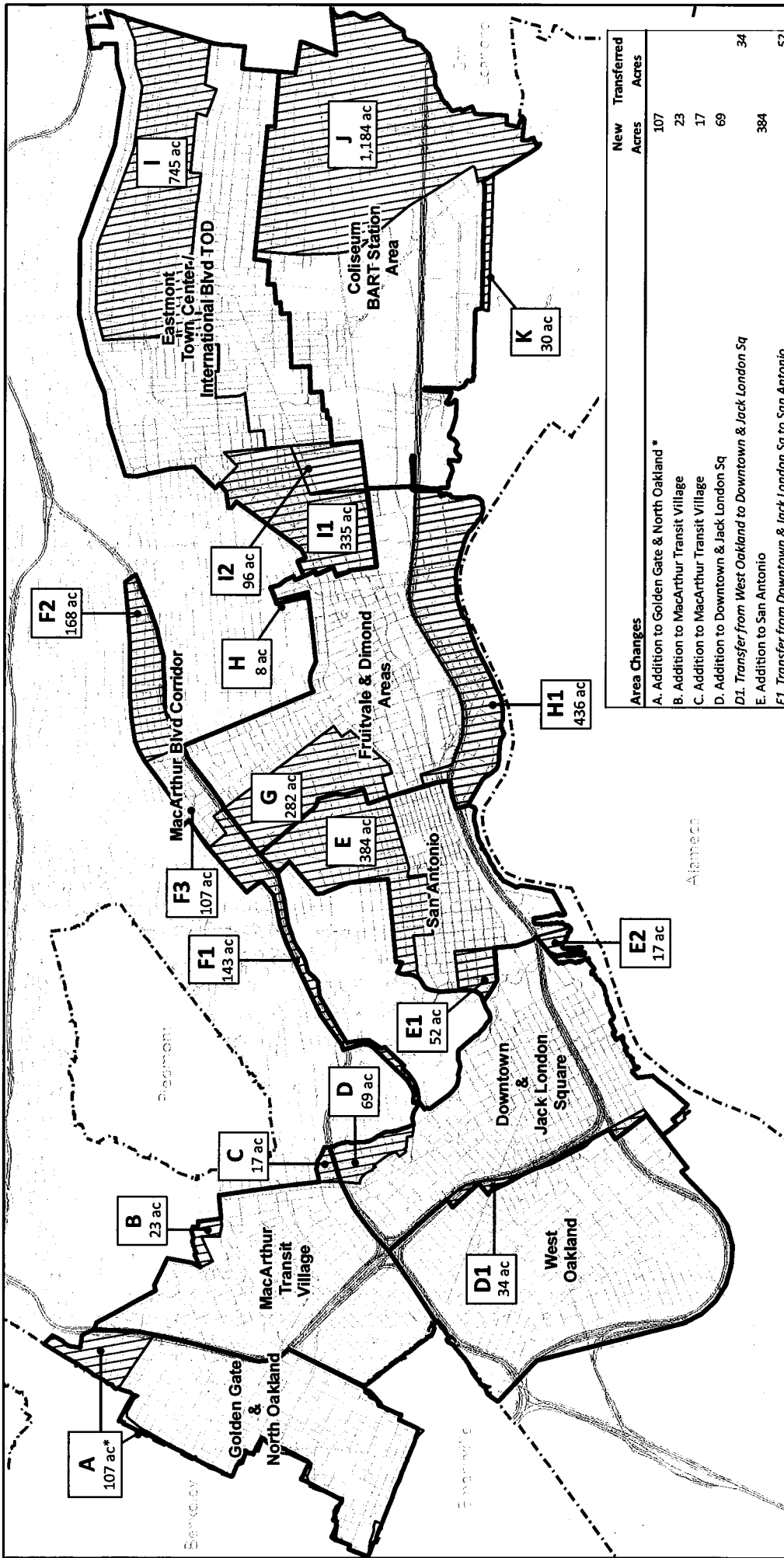
2019 Proposed Priority Production Areas (PPAs)





2019 Proposed Priority Development Areas (PDAs)





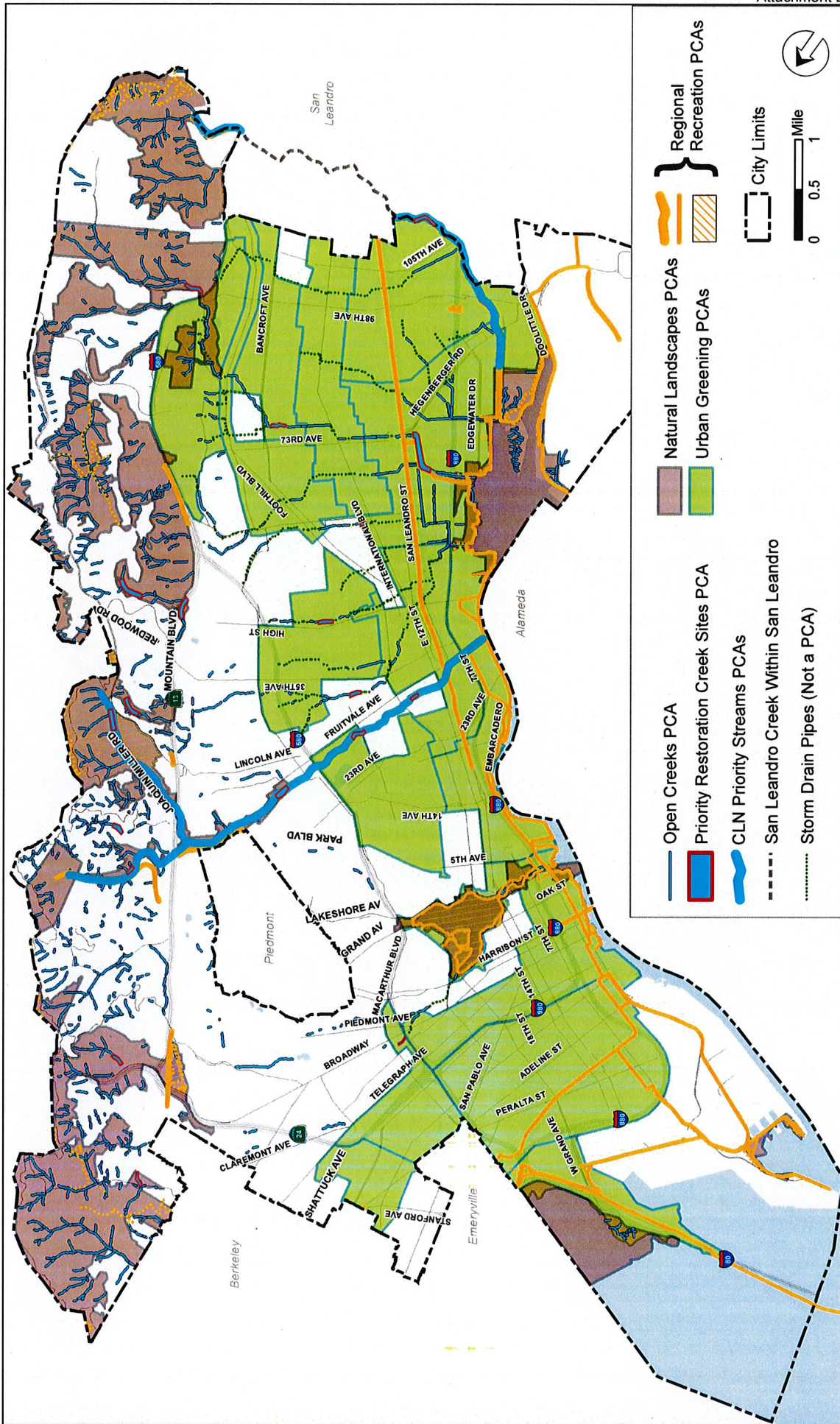
| Proposed PDA | Existing Area (acres) | Net Change (acres) | Proposed Area (acres) |
|---|-----------------------|--------------------|-----------------------|
| Coliseum BART Station Area | 1,448 | 1,088 | 2,506 |
| Downtown & Jack London Sq | 1,335 | 31 | 1,366 |
| Fruitvale & Dimond Areas | 1,521 | 280 | 1,801 |
| Golden Gate & North Oakland | 935 | 107 | 1,042 |
| MacArthur Transit Village | 1,152 | 40 | 1,192 |
| San Antonio | 944 | 17 | 961 |
| West Oakland | 1,701 | -34 | 1,666 |
| Eastmont Town Center / International Blvd TOD | 1,608 | 1,176 | 2,784 |
| MacArthur Blvd Corridor | 0 | 312 | 419 |
| Totals | 10,644 | | 13,737 |

| Area Changes | New Transferred Acres |
|---|-----------------------|
| A. Addition to Golden Gate & North Oakland * | 107 |
| B. Addition to MacArthur Transit Village | 23 |
| C. Addition to MacArthur Transit Village | 17 |
| D. Addition to Downtown & Jack London Sq | 69 |
| D1. Transfer from West Oakland to Downtown & Jack London Sq | 34 |
| E. Addition to San Antonio | 384 |
| E1. Transfer from Downtown & Jack London Sq to San Antonio | 52 |
| E2. Transfer from Downtown & Jack London Sq to San Antonio | 17 |
| F1. Transfer from 2015 potential PDA to MacArthur Blvd Corridor | 143 |
| F2. Transfer from 2015 potential PDA to MacArthur Blvd Corridor | 168 |
| F3. Transfer from Fruitvale & Dimond Areas to MacArthur Blvd Corridor | 107 |
| G. Addition to Fruitvale & Dimond Areas | 282 |
| H. Addition to Fruitvale & Dimond Areas | 8 |
| H1. Transfer from San Antonio & Central Estuary to Fruitvale & Dimond Areas | 436 |
| I. Addition to Eastmont Town Center / International Blvd TOD | 745 |
| I1. Transfer from Fruitvale & Dimond Areas to Eastmont Town Center / International Blvd TOD | 335 |
| I2. Transfer from Fruitvale & Dimond Areas to Eastmont Town Center / International Blvd TOD | 96 |
| J. Addition to Coliseum BART Station Area | 1,184 |
| K. Removal of 30 ac from Coliseum BART Station Area to exclude open space zoning | -30 |
| Totals | 3,100 |

* Includes 8 ac added by aligning to city boundary



2019 Proposed Changes to Existing Priority Development Areas



Proposed PCAs Across All Designations, Including Creek-Related PCAs

