May 10, 2023

Location:	Area bounded generally by 27th Street to the north, I-980 and Brush Street to the west, the Jack London estuary waterfront to the south, and Lake Merritt and the Lake Merritt Channel to the east.
Proposal:	Amend the Zoning Map, Planning Code and General Plan to implement the Downtown Oakland Specific Plan (Draft Plan), with the Final Draft Amendments accompanying the Final Draft Plan for consideration of adoption.
Applicant:	City of Oakland
Case File Number:	GP23001 and ZA2206
General Plan:	**Land Use and Transportation Element (LUTE)** Business Mix; Central Business District; Community Commercial; General Industry and Transportation; Institutional; Mixed Housing Type Residential; Neighborhood Center Mixed Use; Urban Park and Open Space; Urban Residential **Estuary Policy Plan (EPP)** Light Industry 1; Mixed Use District; Off-Price Retail District; Parks; Planned Waterfront Development 1; Planned Waterfront Development 4; Produce Market; Retail Dining Entertainment 1; Retail Dining Entertainment 2; Waterfront Commercial Recreation 1; Waterfront Mixed Use; Waterfront Warehouse District
Zoning:	C-40, C-45, CBD-C, CBD-P, CBD-R, CBD-X, CC-1, CC-2, CC-3, CIX-1A, CIX-1B, D-LM-2, D-LM-3, D-LM-4, D-LM-5, D-OTN, IG, M-20, M-30, M-40, OS(LP), OS(NP), OS(RCP), OS(RCA), OS (AF), OS (AMP), OS(SU), R-80, RU-3, RU-4, RU-5, S-2
Environmental Determination:	The proposed Zoning Map, Planning Code and General Plan amendments are consistent with the revised Draft Environmental Impact Report (DEIR) for the Downtown Oakland Specific Plan. The DEIR was available for public review (SCH No. 2019012008) on August 30, 2019, and brought before the Planning Commission on October 2, 2019, with a 45-day public review and comment period ending October 15, 2019. The Response to Comments on the DEIR (comprising the Final EIR) will be brought before the Planning Commission, for recommendation on certification, along with the Final Draft Plan and the Final Draft Zoning Map, Planning Code and General Plan Amendments.
Historic Status:	52 Landmarks, 21 Areas of Primary Importance (API); 27 Areas of Secondary Importance (ASI)
City Council District:	2, 3
Status:	The Draft Plan and DEIR received public review and comment in 2019 and will be finalized and brought before the Planning Commission in 2023. The Draft Zoning Map, Planning Code, and General Plan Amendments are available for review on the project website at bit.ly/OakDOSP.
Action to be Taken:	Staff will update the committee on additional work completed and public comments received since introducing the draft amendments to the Oakland Zoning Map, Planning Code and General Plan at the July 13, 2022 and August 28, 2022 Zoning Update Committee meetings. Staff will also receive public and committee member comments.
For Further Information:	Contact Project Manager **Joanna Winter** at **(510) 238-2166** or by email at jwinter@oaklandca.gov.

SUMMARY

Planning staff are seeking final feedback from the Zoning Update Committee (ZUC) regarding the draft amendments to the Oakland Planning Code, Zoning Map and General Plan ("Draft Zoning Amendments") to implement the objectives of the Downtown Oakland Specific Plan (DOSP). This Supplemental Report provides the ZUC with:

- A summary of Community Advisory Group (CAG) and Technical Advisory Committee (TAC) feedback on the Draft Zoning Amendments.
- Additional information and analysis regarding the Zoning Incentive Program (ZIP), which is one of the elements of the Draft Zoning Amendments that has engendered considerable public interest.
- Initial revisions that Staff is proposing to the Draft Zoning Amendments.

BACKGROUND

On July 13, 2022, Staff presented the Draft Zoning Amendments to the ZUC. The ZUC heard public comment and continued the item to August 24, 2022. At the August 24, 2022 ZUC meeting, Staff provided a supplemental report with questions and clarifications about the Draft Zoning Amendments, including the Zoning Incentive Program. Staff also provided the completed Zoning Incentive Program (ZIP) Economic Analysis Report from Hausrath Economics Group (HEG). The ZUC decided to continue the meeting again in order to provide feedback after the September 19, 2022 Community Advisory Group (CAG) meeting.

However, additional stakeholder questions and requests for information about the ZIP arose at the September 19, 2022 CAG meeting. In response, Staff contracted with HEG to provide additional background materials and conduct additional analysis, particularly relating to the ZIP and its relationship with Oakland's affordable housing goals. Since that time, HEG has completed this additional work and Staff has held additional stakeholder meetings, including a follow-up Zoning Incentive Program/Affordable Housing Study Session with the CAG on March 29, 2023. Staff also coordinated a technical review of the ZIP to receive input from experts in the urban economics and affordable housing development fields.

This supplemental report summarizes this additional work and the feedback received from the CAG on the Draft Zoning Amendments. The ZUC should be aware while reviewing the proposed amendments that the Objective Design Standards (ODS) that will guide building types in the downtown as well as throughout Oakland are currently in development. The proposed changes to downtown design standards are less extensive than they would be otherwise because the City is currently working with a consultant team on a separate track to create objective design standards for project review citywide; and that work will support, and if necessary supersede, the downtown design standards in these Draft Zoning Amendments. The DOSP team is actively collaborating with the City's ODS team on this effort.

ADDITIONAL ZONING INCENTIVE PROGRAM MATERIALS AND ANALYSIS

The additional materials developed by HEG since the August 24, 2022 meeting are summarized below and provided in the attachments to this staff report:

Attachment A: ZIP Economic Report Technical Appendix
Community members had questions about the assumptions behind the ZIP Economic Analysis and requested to see HEG's assumptions and calculations that led to the summary analysis in the report. In response, HEG developed a comprehensive, readable Technical Appendix. The Technical Appendix in **Attachment A** includes a description of the methodology and assumptions as well as the spreadsheets used to calculate what was presented in the Economic Report.

Upon releasing the Technical Appendix, Planning staff requested assistance from a panel of technical reviewers with expertise in economics and housing development in providing a peer review of this work. These included economic analysists from Oakland's Economic and Workforce Development Department as well as external reviewers from SPUR, Economic & Planning Systems, East Bay Housing Organizations (EBHO) and Street Level Advisors.

The reviewers found that the assumptions and methodology underpinning the analysis were excellent. Critiques of the draft program resulting from the analysis are described in the "Technical Advisory Review and Feedback" section below.

Minor updates were made to the ZIP Economic Report in tandem with publishing the Technical Appendix. One notable change is a clarification to the table that is included as Table 17.101K.14 in the Draft Planning Code Amendments. The original table led to confusion, as it incorrectly implied that the in-lieu fee was a substitute for an affordable housing unit. It is, rather, a fee per additional market-rate unit added using the ZIP. The revised table, Table 1 below, will be included in the Final Draft Zoning Amendments.

Table 1. Revised In-Lieu Fee Table

Table 17.101K.14 Zoning Incentive Program In-Lieu Fees for Residential Development			
	ZIP Residential Benefit Areas		
	R-A	R-B	R-C
Value of on-site benefit to be provided per additional market-rate unit (10% discount)	$19,800	$13,500	$10,800
In-Lieu Fee per additional market-rate unit	$22,000	$15,000	$12,000

Attachment B: Comparison of ZIP and Density Bonus Housing Outcomes
Several questions arose from CAG members, particularly affordable housing advocates, about how the ZIP might interact with the State Density Bonus (SDB) for affordable housing and whether the ZIP might interfere with participation in the SDB and the provision of affordable housing.

Attachment B includes additional economic analysis prepared by Hausrath Economics Group (HEG) to help decisionmakers understand the likelihood of a developer opting to utilize the ZIP, the State Density Bonus or both, as well as potential impacts under these different scenarios to desired outcomes, such as density/total housing units and affordable housing funds and/or units.

Table 1, below, shows the resulting number of total housing units, market rate units, on-site affordable units, affordable housing impact fees, and potential value of leveraged affordable housing for example projects developed under four different scenarios:

- DOSP Base Maximum Height and Intensity
- DOSP ZIP Maximum Height and Intensity
- DOSP Base Maximum Height and Intensity with the SDB calculated in addition
- DOSP ZIP Maximum Height and Intensity with the SDB calculated in addition

These outcomes, shown in Table 2, are calculated using example projects in different subareas of the DOSP: Jack London East, Central Business District, Koreatown/Northgate (KONO), Victory Court/Jack London East, and Jack London West.

Key findings are that the SDB requires more on-site affordable housing, but because the ZIP generates more total housing units due to higher density potential, it can generate substantially more revenue for affordable housing, including through impact fees, tax revenues and boomerang funds for the Affordable Housing Trust Fund. These funds can be leveraged for more units and deeper subsidies than on-site units.

Table 2. Housing Outcomes Under Four Development Scenarios

Development Case 1: DOSP Base Zoning							
Example Project / Subarea	**Density**	**Lot Area (sq. ft.)**	**Total Housing Units**	**Market Rate Units**	**On-Site Affordable Units**	**Affordable Housing Impact Fees**	**AHIF Leveraged**
1 JLE	250	60,060	240	240	0	$6,396,598	$32,000,000
2 CBD	90	44,720	497	497	0	$13,246,288	$66,000,000
3 KONO	225	20,000	89	89	0	$2,372,072	$12,000,000
4 VC / JLE	250	55,000	220	220	0	$5,863,548	$29,000,000
5 JLW	1,000	60,000	60	60	0	$1,599,149	$8,000,000
Development Case 2: ZIP Maximum Zoning							
Example Project / Subarea	**Density**	**Increased Density over DOSP Base**	**Total Housing Units**	**Market Rate Units**	**On-Site Affordable Units**	**Affordable Housing Impact Fees**	**AHIF Leveraged**
1 JLE	200	**25%**	300	298	2	$7,942,442	$40,000,000
2 CBD	65	**38%**	688	682	6	$18,176,998	$91,000,000
3 KONO	110	**104%**	182	180	2	$4,797,448	$24,000,000
4 VC / JLE	110	**128%**	500	494	6	$13,166,330	$66,000,000
5 JLW	110	**800%**	545	535	10	$14,259,082	$71,000,000

Development Case 1 + SDB: DOSP Base Zoning Plus State Density Bonus							
Example Project / Subarea		Increased Density over DOSP Base	Total Housing Units	Market Rate Units	On-Site Affordable Units	Affordable Housing Impact Fees	AHIF Leveraged
1	JLE	20%	288	276	12	$0	$0
2	CBD	20%	597	572	25	$0	$0
3	KONO	20%	107	102	5	$0	$0
4	VC / JLE	20%	264	253	11	$0	$0
5	JLW	20%	72	69	3	$0	$0

Development Case 2 + SDB: ZIP Maximum Zoning Plus State Density Bonus							
Example Project / Subarea		Increased Density over ZIP Maximum	Total Housing Units	Market Rate Units	On-Site Affordable Units	Affordable Housing Impact Fees	AHIF Leveraged
1	JLE	20%	360	343	17	$7,942,442	$40,000,000
2	CBD	20%	826	785	41	$18,176,998	$91,000,000
3	KONO	20%	219	207	12	$4,797,448	$24,000,000
4	VC / JLE	20%	600	569	31	$13,166,330	$66,000,000
5	JLW	20%	654	616	38	$14,259,082	$71,000,000

Attachment C: Analysis of the Benefits of Downtown Development

The amount of ZIP benefit the City should require of development projects is a balancing act. The proposed ZIP fees are structurally based on a percentage of the value created by allowing increased development intensity under the ZIP. If the City charges fees that are too low, the City is leaving potential benefits on the table that could help advance important community goals, as outlined in the DOSP. If the fees are too high, projects will not take advantage of the ZIP, leaving Oakland not only without the ZIP benefits, but also without the benefit of long-term tax revenues generated over the life of a new high-density development – including revenues that can be used for benefits that the ZIP cannot, such as services and maintenance. Lower density development also fails to meet the City and DOSP's economic, housing and sustainability goals, including those promoted in the City's Equitable Climate Action Plan (ECAP).

Staff wanted to be able to understand and compare the value of these various sources of revenues that development projects produce to better understand these trade-offs. HEG's analysis considered the value of development funding for community benefits produced by the ZIP within the broader context of annual tax revenues generated over the life of the development and impact fees paid upfront during the development period. (See the HEG analysis and charts in **Attachment C**.)

Key findings of HEG's analysis, shown in **Attachment C**, are that development downtown creates significant net fiscal benefits citywide. New development downtown not only generates tax revenue to cover the costs of services to the new development, but also provides funding for public benefits throughout the city. Unlike impact fees, the tax revenues from new development can be used for parks and facilities maintenance and public services.

HEG's analysis also shows that tax revenue from new development downtown is many times larger than tax revenue from existing uses on the sites that are redeveloped. The higher the density of new development, the more annual tax revenue generated per square foot of land. This long-term tax revenue is also many times larger over time than the revenue from one-time development fees. It can be noted that ongoing annual revenues include the share of property tax revenue known as the Boomerang funds allocated to the City's Affordable Housing Trust Fund.

New downtown development also pays one-time impact fees upfront during the development period to fund capital improvements that mitigate the impacts of growth that is accommodated, and new development contributes other funding for improvements of public benefit. These impact fees fund affordable housing, transportation improvements, other capital improvements, school facilities, and public art.

HEG's economic analysis shows that long-term annual tax revenue generated over the life of new development is many times larger over time than the funding from one-time impact fees and one-time funding under the ZIP. Annual tax revenues include those from property taxes, sales tax, business tax, transient occupancy tax, other taxes, and special taxes and assessments.

The conclusion from the HEG analysis is that, while the ZIP can use development incentives to generate important new targeted community benefits, this is only one aspect of the substantial tax base and other funding benefits of high-density development downtown. Thus, the magnitude of development value required to fund community benefits under the ZIP needs to be set so as to maintain development feasibility and the incentive to build higher density and to not put at risk the much larger, longer-term revenue benefits that are generated from new high-density development.

CAG FEEDBACK ON DRAFT ZONING AMENDMENTS

Community Advisory Group (CAG) feedback on the Draft Zoning Amendments was provided at two meetings, a general meeting of the CAG regarding the Draft Zoning Amendments on September 19, 2022, and a meeting on March 29, 2023, specifically addressing the Zoning Incentive Program and affordable housing strategies and outcomes.

CAG members were encouraged to attend all three topical public meetings on the three key elements of the proposed amendments (Land Uses, Special Districts, and Development Standards & the Zoning Incentive Program) in addition to the CAG meetings to learn about and discuss the details of the proposals. An overview of the proposed amendments presented at those three meetings was provided at the September 2022 CAG meeting.

At their September 2022 meeting, CAG members primarily focused on affordable housing and displacement concerns and wanted the City to ensure that enough affordable housing downtown will be built to affirmatively further fair housing. Some CAG members asserted that every new development should contribute to affordable housing, and that this should be done through the ZIP (which would be at the exclusion of the other ZIP goals). Requests were made to understand potential housing outcomes under different scenarios, including using the ZIP and SDB. Staff and HEG answered many questions about the ZIP and explained that the amount of benefit charged under the ZIP is based on a capture of the value created by increased development capacity rather than on potential development impacts, which would require legal nexus (these are addressed for housing by the Affordable Housing Impact Fee).

Many CAG members found the ZIP confusing and complicated. CAG members also expressed concern about not getting enough community benefits, or not getting any benefits if developers did not opt to participate in the ZIP. CAG members requested access to the assumptions and calculations behind the Economic Report.

Oakland Heritage Alliance (OHA) members were concerned that the ZIP will create tall buildings and reiterated their desire to downzone certain areas to protect historic neighborhoods and to allow the City to charge higher fees under the ZIP. Staff reiterated that this is not possible due to the need to have no net loss of residential development capacity (described further in the Frequently Asked Questions published on the DOSP Zoning Amendments website), but that the City could entertain proposals for targeted upzoning in exchange for targeted downzoning for specific purposes. OHA members also raised concerns about allowing increased heights and redevelopment of the Fire Alarm Building and Gold Coast area.

In March 2023, after the requested economic information and further analysis had been provided and reviewed by the Technical Advisory Committee, the CAG held a follow-up ZIP & Affordable Housing Study Session. Planning and Housing and Community Development staff presented context about the City and DOSP's affordable housing strategies, and HEG presented the additional analysis they had conducted regarding the ZIP since the prior CAG meeting.

Comments and questions primarily focused on the housing outcomes of the ZIP. Some CAG members sought to understand the circumstances and methods that would allow ZIP projects to not pay the AHIF if developers were also to use the SDB and provide on-site affordable units. Without using the ZIP, for projects taking advantage of the SDB, the Oakland Municipal Code (OMC) permits a developer to provide either 5% for very low or 10% for low or moderate on-site affordable housing units instead of paying the AHIF and also use those units to count towards their SDB bonus, concessions and waivers (see OMC section 15.72.100(B)(3).

Under the ZIP, a project *will not* be allowed to earn both the ZIP bonus and simultaneously satisfy the AHIF on-site requirement when participating in this voluntary program. A project using the ZIP *and* the SDB would still be required to pay the AHIF on all units up to the ZIP maximum. However, a project *will* be able to substitute on-site units for the AHIF for the units produced above the ZIP maximum (i.e. the new "base") through the SDB. Therefore, a project *cannot* double-count the affordable units below the ZIP maximum for the purposes of satisfying the AHIF requirement, but *can* double-count the affordable units above the ZIP maximum in order to achieve the State bonus, concessions and waivers.

For example, a CAG member sought to understand how the percentage of on-site affordable units for the SDB is calculated when the ZIP is used. Since the ZIP creates a new "base," the developer would be required to provide 5% (for very low-income affordable housing) or 10% (for low- or moderate-income affordable housing) of the total number of units in the base as on-site affordable units to satisfy their on-site requirement under OMC Section 15.72.100 (AHIF on-site affordable housing option). The percentage calculation would be calculated in relation to the newly created base allowed under the ZIP (which is higher than the initial base).

The same would be true for purposes of the SDB calculation for determining the developer's density bonus. If a developer proposes to use the SDB on top of the ZIP, then the percentage of affordable units needed to reach a desired density bonus under State law would be calculated based on the new ZIP base as opposed to the base zoning intensity for a project that does not use the ZIP.

Major points of feedback included a suggestion to have housing benefits under the ZIP come in the form of fees rather than on-site benefits in order to ensure that the developer pays the AHIF, to minimize the administrative monitoring burden, and to allow funds to be leveraged for more deeply affordable units. There was also a suggestion to require that each ZIP project contribute a portion of their benefits to affordable housing, or to require that all ZIP residential projects provide affordable housing as their ZIP benefit. This was discussed as a tradeoff between housing and other needed ZIP benefits, such as below-market-rate commercial space, which is also designed to prevent business and cultural displacement.

Some additional points raised by CAG members included concern that allowing developers to select their benefit would lead to undesirable results (however, case planners will have the ability to shape this), concern that public restrooms might not be seen as available to all members of the public, and interest in understanding whether providing affordable units in the same projects as market-rate units leads to sociological benefits.

The full meeting notes are available in the attachments to this report:

- **Attachment D:** September 19, 2022 CAG Meeting Notes
- **Attachment E:** March 29, 2023 CAG Zoning Incentive Program & Affordable Housing Study Session Notes

TECHNICAL ADVISORY REVIEW AND FEEDBACK

In addition to receiving CAG feedback on the Draft Zoning Amendments, staff convened a Technical Advisory Committee (TAC) of urban economics and affordable housing development experts to review the Zoning Incentive Program and the analysis that underpins its financial structure. The DOSP team held two TAC meetings; one to present the analysis and take questions and the second to hear feedback after the TAC had reviewed the Economic Report, Technical Appendix and Zoning Incentive Program. HEG was available during the meetings to answer questions.

Overall TAC feedback regarding the ZIP program is that it is a thoughtful and compelling model, with conceptually sound assumptions, methodology and analysis. However, the program lends itself to a complex number of combinations that could confuse users and be over-prescriptive given the dynamic conditions downtown and the more broadly changing economic environment.

The program includes three different fee areas, dozens of combinations of base vs. ZIP maximum intensity scenarios, and TAC reviewers found the tables that quantify the benefits confusing to use as presented. They noted that it is important that the content be easy to use, especially for a developer who does not already have property, but instead is trying to determine where in the downtown to purchase and develop. They suggested the City consider a single fee instead of three to reduce complexity. This would require using the “lowest common denominator” fee (for example, requiring $12,000 instead of $22,000 per unit for housing), but some TAC members felt the level of existing precision is unnecessary given that factors such as construction type and size of site will have more of an impact than the market area.

The potential confusion will partially be solved in implementation: the fee areas and ZIP will be mapped on the City's interactive zoning map. A developer will be able to click on a specific downtown parcel and see what the base and ZIP maximum intensities are, as well as the fee area. In addition, the tables in the Planning Code are being updated to show the affordable housing units required as a percentage of the total number of units.

The TAC encouraged staff to leverage opportunities to maximize affordable housing through new development, with several members leaning towards a preference for fees. As compared to an on-site affordable unit requirement, fees can be leveraged to contribute to the production of more total affordable units and more deeply affordable units, and offer larger units that better accommodate families. Furthermore, providing small quantities of on-site housing is an expensive administrative monitoring task for both developers and the City's Housing and Community Development Department. However, other TAC reviewers felt that allowing an in-lieu fee instead of on-site affordable housing would contribute to downtown becoming a luxury neighborhood. One reviewer noted that the fee option under the ZIP is preferable for developers and they are unlikely to be swayed toward providing on-site affordable housing by providing a 10% discount.

TAC reviewers offered suggestions to promote growth and housing affordability downtown: increase impact fees on the additional units allowed under the ZIP to allow for land banking for affordable units in downtown; require that benefits for residential buildings be provided as housing and allow non-residential projects to choose the other benefits; and reserve the incentive program for all the non-housing benefits while increasing the Affordable Housing Impact Fee, either generally in the downtown or for projects using the ZIP.

The TAC also offered feedback on the ZIP's affordable commercial space benefit to address cultural and business displacement, including: 1) Determining commercial rents is complex as location impacts market rent; a discount on a corner would be different from one down the street; 2) Most developers subsidize ground floor space currently; and 3) It can be hard for residential projects to work with commercial tenants. One suggestion is to have developers pay a fee to have the City provide discounted commercial space as part of a master leasing program instead of having a project provide space and tenant the space directly. The City's Business Development team plans to provide wrap-around services to these tenants.

The TAC discussed SDB Interactions with the ZIP and requested clarity on whether developers have the option of choosing between these City and State density bonus programs or using both (the program is structured to allow this choice). One reviewer stated that they believe that half the projects using the SDB are 100% affordable projects using it for concessions and waivers. Understanding how many market-rate projects are providing on-site units through the SDB could give some indication of how advantageous a developer sees the density incentive. Another member suggested offering concessions and waivers as part of the ZIP to make it more likely that a developer will take advantage of it rather than the SDB. These are often the most valuable part of the SDB to a developer, not the increased density itself.

The TAC also suggested that the City more clearly address confusion that many community members think the ZIP is designed to address the impact of development to housing, whereas there are other fees in place to address impacts. HEG's report illustrated that the bulk of benefits for affordable housing and other services are generated by ongoing tax revenues generated over the over the life of a new development rather than one-time fees under the ZIP or impact fees. By encouraging higher building intensity, the ZIP would contribute to increased tax revenues that can be leveraged for affordable housing, while ZIP benefits could provide City services and maintenance that are not able to be funded through impact fees.

The TAC suggested that staff be clear about the other potential sources of funding for affordable housing, such as Measure U and Enhanced Infrastructure Financing Districts. Presenting the ZIP benefits alone doesn't show the full scope of the benefit that development provides for affordable housing and the ZIP benefits thus appear inadequate. They also suggested staff educate community members about obstacles to using some funding mechanisms. For example, impact fees can only be used for one-time capital investments, not maintenance, operating subsidies or below market-rate commercial space. ZIP fees could be used for some of these.

Attachment F: March 2023, Downtown Oakland Zoning Program Technical Review Summary

PROPOSED INITIAL CHANGES

Staff anticipates making changes to the Draft Zoning Amendments in response to community and staff feedback, additional analysis, and feedback from ZUC members at this hearing. The Zoning Amendments revised in response to this feedback will be brought to the Planning Commission for review.

However, in response to frequently heard concerns, staff is proposing these initial changes for ZUC feedback:

Reducing heights at the Fire Alarm Building and Lakeside

One of the most frequently heard concerns raised in comments and at both the Landmarks Preservation Advisory Board and ZUC hearings was the proposed height limit for the Fire Alarm Building and the Lakeside/Gold Coast area. The intent of a proposed height increase to 90 feet from the existing 45 feet was to support the development of a Jazz Museum to anchor the Black Arts Movement and Business District (BAMBD), not to sell the City-owned property for the construction of market-rate housing. This 90-foot height for the Lakeside/Gold Coast area is also generally consistent with the approximate average height of the existing lakefront buildings stretching from the County Courthouse to the Essex residential tower in the north.

However, Staff believes that a reduced height limit increase to 65' may still allow redevelopment of the Fire Alarm Building site with a Jazz Museum, as desired by the City and community members, and is more consistent with the neighboring Oakland Museum of California (OMCA), Oakland Public Library, County Courthouse, and the adjacent BAMBD along 14th Street. Planning staff believe that reducing the proposed height limit increase from 90' to 65' in the Lakeside area will still allow additional new development while maintaining a variety of building sizes. Additionally, the City owns the Fire Alarm Building land and will have control over design review of this site.

Reducing heights in targeted locations

Staff proposes reducing heights in a few additional targeted downtown locations to protect the historic character of these areas. These locations include neighborhoods with a concentration of historic Victorian homes, the Produce Market, and the area adjacent to the historic church at 17th and Franklin. Details of these proposals, as well as rationale for changing (or not changing, where appropriate) the initial proposal, are in **Attachment G:** Proposed Revisions to Zoning Amendments for Historic Preservation.

Adjusting the Trading of Development Rights (TDR) Program

Staff is proposing the following modifications to the previously proposed TDR Program to expand its useability:

- Expanding receiving sites to all DOSP zones;
- Allowing standalone Designated Historic Properties to be sending sites; and
- Removing the requirement for a Conditional Use Permit to trade development rights. This would be replaced by a requirement for Design Review approval for construction at the receiving site.

Adjusting the Zoning Incentive Program (ZIP)

Staff is considering the following modifications to the previously proposed Zoning Incentive Program to improve its useability and better support DOSP goals:

- Revising and clarifying the tables describing the amount of benefits required to earn the ZIP maximum allowed intensity;
- Requiring that the ZIP affordable housing benefit be provided through fees rather than on-site units to prevent double-counting of on-site units when using the State Density Bonus in addition to (or “on top of”) the ZIP; and
- Removing streetscape improvements as a benefit under the ZIP, because many of these are already required of new developments; and
- Allowing only 50% of the ZIP maximum height and density to be provided through the TDR program to encourage projects to provide the desired benefits of the ZIP.
- Clarifying that a project cannot earn both a ZIP bonus and simultaneously satisfy the Affordable Housing Impact Fee (AHIF) on-site requirement at the same time.

RECOMMENDATION

Staff requests that the ZUC provide feedback on the Draft Planning Code, Zoning Map and General Plan Amendments for the DOSP, informed by the July 13, 2022 presentation, staff report and public hearing, the August 24, 2022 presentation, supplemental report and public hearing, and the May 10th supplemental report and public hearing.

Prepared by:

May 10, 2023

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Reviewed by:

Laura Kaminski, Strategic Planning Manager
Bureau of Planning

Approved for forwarding to the Zoning Update Committee:

Edward Manasse (May 5, 2023 11:53 PDT)

Ed Manasse, Deputy Director
Bureau of Planning

Attachments:

A. ZIP Economic Analysis Technical Appendix
B. Comparison of ZIP and Density Bonus Housing Outcomes
C. Benefits of Downtown Development
D. September 19, 2022 CAG Meeting Notes
E. March 29, 2023 CAG ZIP & Affordable Housing Study Session Notes
F. Technical Advisory Committee Feedback Summary
G. Proposed Revisions to Zoning Amendments for Historic Preservation