1261 Harrison Street

Category II Demolition Findings

October 2017

ACKNOWLEDGMENTS

Prepared by:

Lowney Architecture
360 12th Street, Suite 200
Oakland, CA 94612
(510) 836-5400
Contact: Mark Donahue AIA

Wendel Rosen Black & Dean LLP
1111 Broadway, 24th Floor
Oakland, CA 94607
(510) 834-6600
Contact: Amara L. Morrison

Page & Turnbull
417 Montgomery Street, 8th Floor
San Francisco, CA 94194
(415) 362-5154
Contact: Peter Birkholz

Turner Development Resource Group
(510) 395-2766
Contact: Ronnie M. Turner

CEF Realty Advisors, Inc.
(510) 775-2335
Contact: Brad Flewellen

Metrovo Group
(650) 218-9538
Contact: Shawn Jones

TABLE OF CONTENTS

List of figures and tables

List of acronyms and abbreviations

AMI	Area Median Income
API	Area of Primary Importance
BRT	East Bay Bus Rapid Transit
CEQA	California Environmental Quality Act
CHRIS	California Historic Resources Information System
DPR	California Department of Parks and Recreation
LMSAP	Lake Merritt Station Area Plan
LPAB	Landmarks Preservation Advisory Board
NNN	Triple Net
OJT	On-the-job Training
OCHS	Oakland Cultural Heritage Survey
PDHP	Potentially Designated Historic Properties
TDR	Transferable Development Rights
URM	Unreinforced Masonry

A. INTRODUCTION

This Demolition Findings Report has been prepared in association with the 1261 Harrison Street Project (Project) in the City of Oakland (City), Alameda County, California. This report is based on a variety of reports prepared by the project team comprised of Yovino-Young; Lowney Architecture; SGH Consulting Engineers; TBD consultants, Metrovo Group; Turner Development Resources, Group, Inc.; CEF Realty; Page & Turnbull; and Wendel, Rosen, Black & Dean LLP. Pinnacle RED Group, LLC is the Project applicant and Applicant ("Applicant").

The Project site is located at 1261-1269 Harrison Street (1261 Harrison Street) within Oakland's Lake Merritt Station Area Plan in the Upper Chinatown Area, and encompasses approximately one-quarter of a city block, as shown in Figure 1. The existing single story ten-unit retail building was designed by architects C.W. Dickey and J.J. Donovan and constructed in 1916-1917. It contains 20,380 square feet fronting on Harrison Street to the east and 13th Street to the north. The Project site is identified as Alameda County Assessor's Parcel No. 002-0063-002.

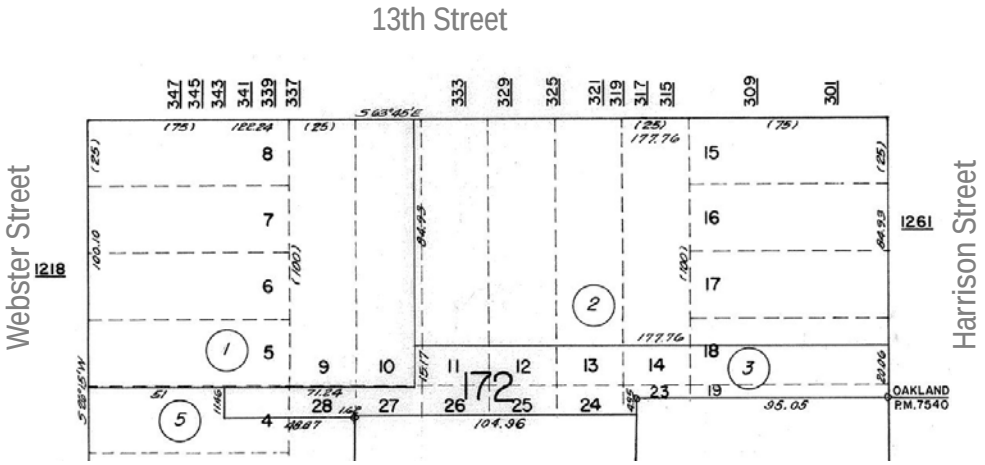


Figure 1
Assessor's Map

The building currently has seven tenants, supporting a variety of commercial uses including a florist, novelty goods store, bakery and hairdresser, along with a Buddhist Temple and other uses. Three commercial spaces are currently vacant.

The Project site exists within the "King Building Group," a National Register-eligible commercial block of five buildings developed between 1904 and 1922 by Charles H. King. The King Building Group as a whole has been identified by the City of Oakland as being an "Area of Primary Importance" (API).

The Project site is designated with an Oakland Cultural Heritage Survey rating of "C1+" indicating that the building itself is of secondary importance but is located within an Area of Primary Importance. The "+" symbol indicates the building is a contributor to the area's importance. Thus, the building is considered a "historical resource" for purposes of the California Environmental Quality Act (CEQA) and a Potential Designated Historic Prop-

Figure 2
1261 Harrison Street
c. 1935

Figure 3
1261 Harrison Street
c. 1982

erty per City policy, as described in further detail in Section 1. Summary of Historic Status following.

There is a partial length mid-block alley (King Alley) along the building's south façade that serves as a delivery corridor and tenant parking (Figure 4). The façade of 1261 Harrison extends across the alley and there is a large vehicle sized opening with a paired iron gate in the façade at the alley location.

Figure 4
Mid-block alley
c. 1982

Figure 5
1261 Harrison Street Facade
2017

The proposed Project would demolish 1261-1269 Harrison and construct a thirty-five-story building containing approximately 176 residential units within 250,000 square feet, 18,000 square feet of retail space, approximately 120,000 square feet of office space, and a subterranean parking garage. The new building would be approximately 430 feet tall at the roof deck (the "Project").

The remainder of Section A provides an overview of the property's historic status ratings. Section B (Required Demolition Findings), sets forth the City's required demolition findings. Finally, Section C (Demolition Finding II Analysis) responds to the City's submittal requirements for each finding.

Figure 6
Vicinity Map

1. Summary of Historic Status

1261 Harrison Street is a historical resource for the purposes of CEQA environmental review because it is a contributor to a City of Oakland Area of Primary Importance (API).

The Project is listed in the California Historic Resources Information System (CHRIS) database for Alameda County, which means evaluation documents have been formally submitted to the State of California Office of Historic Preservation. The building was recorded in 1995 and assigned a National Register Status Code of "3D," meaning "Appears eligible as a contributor to a fully documented [National Register] district." [1]

The building was documented by the Oakland Cultural Heritage Survey (OCHS) in 1982, 1985 and 1994.[2] State of California Department of Parks and Recreation series 523 forms (DPR 523) were prepared for the King (Charles H.) Building Group (King Building Group) – to which 1261 Harrison Street contributes. 1261 Harrison Street was assigned a OCHS rating of "C1+."[3.]

The building at 1261 Harrison Street was included in the *Historic Context: Unreinforced Masonry Buildings in Oakland, 1850-1948*, prepared by OCHS in 1995.[4] The context surveyed 1,486 properties listed on the City's Unreinforced Masonry (URM) list as of December 30, 1993. The building in the Project site was listed as the King (J.H.) building at "301-33 12th St./1261 Harrison" and assigned a rating of "C1+" and a National Register Status Code of 3D, as described in the footnote below.

The Lake Merritt Station Area Plan, adopted in July 2014, is a Specific Plan for the roughly one-half mile radius around the Lake Merritt Bay Area Rapid Transit (BART) Station in Downtown Oakland. The Specific Plan is described in greater detail below in Section C, Finding 1 (5). The King Building Group is specified as one of seven Areas of Primary Importance within the City, and the subject building is individually specified as a Historic Resource. 1261 Harrison Street is labeled as "C- Secondary Importance."[5] It is also labeled as a "Property considered significant under CEQA."[6]

The *AC Transit East Bay Bus Rapid Transit Project Third Addendum: Historic Properties Inventory and Evaluation* (published in January 2014) documents the identification and evaluation of historic-era architectural resources within areas recently added to the architectural Area of Potential Effects (APE) for AC Transit's East Bay Bus Rapid Transit (BRT) Project. Because 1261 Harrison Street did not fall within the architectural APE, it was not individually documented. The significance of the King Building Group was addressed as follows:

> "East of the Oakland Downtown Historic District is the King Building Group Historic District, which includes five contributing build-

1. The status codes were converted to California Historical Resource Status Codes (CHRSC) in 2003, and "3D" is now defined: "appears eligible for the NR [National Register] as a contributor to an HR eligible district through survey evaluation."

2. The documentation content is largely identical; information is provided in slightly rearranged formats with additional images.

3. "C" means the building is of "secondary importance." "1" means the building is located "in an Area of Primary Importance." The "+" designation means that the building is a contributor to an area's importance. 1261 Harrison Street is included on the City of Oakland Preservation Study List maintained by the Landmarks Preservation Advisory Board.

4. Oakland Cultural Heritage Survey, 1995. **Historic Context: Unreinforced Masonry Buildings in Oakland, 1850-1948***. On-file at OCHS, Oakland, California.*

5. This label is reflected in Figure 7.1 of the Lake Merritt Station Area Plan. p7-4

6. This finding is reflected in Figure 7.2 of the Lake Merritt Station Area Plan. p7-5.

ings and King Alley, all located within one city block bounded by Harrison, Webster, 12th and 13th streets. The National Register-eligible district is significant under Criterion A, for its association with the local King Estate Company. It is also significant under Criterion C as an early example of a modern Chicago-influenced commercial block and for its layout and organization across an entire city block. The period of significance for this district is 1904 and 1922." [7]

(a) National Register of Historic Places

The existing building is not listed in the National Register of Historic Places (National Register).

(b) California Register of Historical Resources

The existing building is not listed in the California Register of Historic Places (California Register).

(c) City of Oakland, Local Register of Historical Resources

See the above section, "Summary of Historic Status."

The Oakland Planning Code prescribes regulations for the demolition or removal of Potentially Designated Historic Properties ("PDHP"),[8] including that certain findings be made prior to approval of their demolition. The findings applicable to the Project are described in Section B. Required Demolition Findings below.

7. JRP Historical Consulting, AC Transit East Bay Bus Rapid Transit Project Third Addendum: Historic Properties Inventory and Evaluation (January 2014) p26.

8. Oakland Planning Code, Section 17.136.075.

B. REQUIRED DEMOLITION FINDINGS

Specific findings are required for the demolition of a property that falls within three different categories of historic structures. Category II includes properties in an Area of Primary Importance ("API"). Any building in the boundary of such a district, including those that do not contribute to the historic quality of the district, fall within this category.

The building at 1261 Harrison Street falls within Category II since it is located within an API and carries a rating of C1+. A proposal to demolish a Category II historic property must meet four specific findings set forth in the City of Oakland Demolition Findings for Category II Historic Properties, consisting of either Finding 1 or Finding 2, and Findings 4, 5 and 6. This document includes analysis to support Finding 1 and Findings 4, 5 and 6 and includes the submittal requirements and discussion to support those Findings.

Finding 1: The existing property has no reasonable use or cannot generate a reasonable economic return, and that the development replacing it will provide such use or generate such return.

Finding 1 Submittal Requirements:

1. *Building Use - Economic Viability.* The applicant shall submit a market analysis prepared by an architect, developer, real estate consultant, appraiser, or other real estate professional with extensive experience in both real estate and historic rehabilitation that demonstrates all of the following:
   a. The current use does not generate a reasonable economic return (may include market report of like uses and building scale in the same or similar neighborhood);
   b. That appropriate and reasonable alternate uses in the building could not generate a future reasonable economic return;
   c. That alterations or additions to the existing building could not make the current or future use generate a reasonable economic return; and
   d. Potential Federal Tax Credits, Mills Act Contracts, Façade Grants, Transfer of Development Rights or other funding sources are not feasible to bridge the gap identified above.

2. Building Soundness. The applicant shall submit a report from a licensed engineer or architect with extensive experience in rehabilitation as to the structural soundness of the property and its suitability for rehabilitation. The soundness report shall be based on the requirements contained in the Soundness Report Requirements, attached.

3. Building Maintenance History. The applicant shall submit a building maintenance history. The report shall also answer the following questions:
    a. What is the cost to repair any code violations?
    b. Is the building free of a history of serious, continuing code violations?
    c. Has the building been properly maintained and stabilized?

Long term deferred maintenance and/or a history of continuing code violations not addressed by the owner, or other proper person having legal custody of the structure or building shall constitute a violation and will not be considered as a part of the bottom line of the economic viability report (see submittal requirement #1).

4. Existing Building Appraised Value. All appraisals obtained within the previous two years by the owner or applicant in connection with the purchase, financing, or ownership of the property;
    a. Any listing of the property for sale or rent price asked, and offers received, if any, within the previous two years; and
    b. Existing Building/Property Appraisal (current within the last six months):
        (i) Estimated market value of the property in its current condition under best practices management;
        (ii) After repair of construction deficiencies as defined in the Soundness Report Requirements, attached;
        (iii) After repair of construction deficiencies and maintenance as defined in the Soundness Report Requirements, attached;
        (iv) After any changes recommended by the Historic Preservation Staff/LPAB;
        (v) After completion of the proposed demolition or removal; and
        (vi) After completion of the replacement proposal.

5. Public Benefits. A public benefits analysis report shall be prepared and take into consideration the educational, cultural, social, equity, and economic benefits of the historic building and the proposed building. Some issues that shall be considered include, but are not limited to:
    a. The benefits to the City's tourism industry;
    b. The benefits to owners of other commercial and residential property owners and renters in the area;
    c. The services provided to the community, including social services;
    d. Housing and jobs opportunities;
    e. Civic, community, and neighborhood identity;
    f. Cultural heritage and the image of the City and local neighborhood; and
    g. Educational opportunities and cultural benefits regarding architectural and local history.

6) Optional Submittal: Sustainability - Life Cycle Assessment Criteria. The applicant may wish to submit a Life Cycle Assessment Report to demonstrate the quality of the replacement proposal and of the existing building as described below. Demonstration that the durability and expected life of the new proposal's quality of construction, materials and craftsmanship, including the cost of demolition or deconstruction of the historic resource, exceeds the value of the embodied energy of the building's existing materials, durability of materials, quality of construction, level of craftsmanship, cost to repair construction deficiencies and maintenance.

Finding 4: The design quality of the replacement facility is equal/superior to that of the existing facility. Analysis prepared by a historic architect or professional with equivalent experience.

Finding 4 Submittal Requirements:

A report shall be submitted that addresses whether the proposal demonstrates equal or superior quality with respect to:

1. A clearly identifiable visual or design value. For instance, does the replacement proposal express its present character as strongly as the historic design expressed its past?
2. Durability, quality, and design value of surface materials. Durable and quality materials include, but are not limited to: stone, granite, marble, concrete, highest quality and detailed glass curtain wall, terra cotta or other materials appropriate to the design style of the building or context of the neighborhood. In terms of design value, are materials in the replacement building used to enhance the architectural design elements of the building instead of used solely for the sake of variety?
3. Significant enhancement of the visual interest of the surrounding area;
4. High-quality detailing;
5. Composition. A well composed building integrates all aspects of the building (materials, façade patterns, proportions, openings, form, massing, detailing, etc.) into its overall character and design.
6. Site setting, neighborhood, and streetscape contexts;
7. Incorporating "especially fine" construction details, methods, or structural materials, these include those that successfully address challenging structural problems, contribute significantly to the building's overall design quality, exhibit fine craftsmanship, or are visible design elements;
8. The replacement building's reflection of the time it was designed not merely a caricature of the demolished building;
9. The replacement building's contemporary interpretation of the demolished building's elements in terms of the cultural, historic, economic, or technological trends of its time.

Finding 5 (all properties): For all properties in a district: the design of the replacement Project is compatible with the character of the preservation district, and there is no erosion of design quality at the replacement Project site and in the surrounding area. This includes, but is not necessarily limited to, the following additional findings:

1. ***The replacement Project is compatible with the district in terms of massing, siting, rhythm, composition, patterns of openings, quality of material, and intensity of detailing;***
2. ***New street frontage with forms that reflect the widths and rhythm of the façades on the street and entrances that reflect the patterns on the street;***
3. ***The replacement Project provides high visual interest that either reflects the level and quality of visual interest of the district contributors or otherwise enhances the visual interest of the district;***
4. ***If the design contrasts the new to the historic character, the replacement Project enriches the historic character of the district;***
5. ***Is consistent with the visual cohesiveness of the district. For the purpose of this item, visual cohesiveness is the architectural character, the sum of all visual aspects, features, and materials that defines the district. A new structure contributes to the visual cohesiveness of a district if it relates to the design characteristics of a historic district while also conveying its own time. New construction may do so by drawing upon some basic building features, such as the way in which a building is located on its site, the manner in which it relates to the street, its basic mass, form, direction or orientation (horizontal vs. vertical), recesses and projections, quality of materials, patterns of openings and level of detailing. When a combination of some these design variables are arranged in a new building to relate to those seen traditionally in the area, but integral to the design and character of the proposed new construction, visual cohesiveness results; and***
6. ***The replacement Project will not cause the district to lose its current historic status.***

<u>Finding 5 Submittal Requirements:</u>

Analysis of the findings prepared by a historic architect or professional with equivalent experience. Other discussion points include the following:

1. The proposed design not only protects the integrity and aesthetic quality of the historic district but enhances and enlivens the historic fabric at the same time respecting and recognizing the district or due to circumstances discussed in the analysis, the Project has been designed as a background Project to the district (i.e., a simplified version of a period revival style).

2. The new building's contemporary interpretation of the demolished building's elements in terms of the cultural, historic, economic, or technological trends of its time.
3. If a replacement Project conveys an authenticity of its own time, it is compatible with the authenticity of the existing historic district.
4. The compatibility of the design of the replacement proposal with the district without being merely a compilation of façade features that are common to district or a caricature of the buildings in the district.
5. Is consistent with the visual cohesiveness of the district. For the purpose of this item, visual cohesiveness is the architectural character, the sum of all visual aspects, features, and materials that defines the district. A new structure contributes to the visual cohesiveness of a district if it relates to the design characteristics of a historic district while also conveying its own time. New construction may do so by drawing upon some basic building features, such as the way in which a building is located on its site, the manner in which it relates to the street, its basic mass, form, direction or orientation (horizontal vs. vertical), recesses and projections, quality of materials, patterns of openings and level of detailing. When a combination of some these design variables are arranged in a new building to relate to those seen traditionally in the area, but integral to the design and character of the proposed new construction, visual cohesiveness results; and
   6. The replacement Project will not cause the district to lose its current historic status.

Finding 6: It is economically, functionally, architecturally, or structurally infeasible to incorporate the historic building into the proposed development.

<u>Finding 6 Submittal Requirements:</u>

A report shall be submitted that addresses the following discussion points:

1. Could alternations or additions to the existing building make the current or a future use generate a reasonable economic return and/or architecturally/structurally accommodate the proposed uses?
2. Do preservation alternatives exist which can achieve at least the same level of non-preservation benefits?
3. Include discussion of potential economic benefits of a rehabilitated or reused cultural resource, including how building or district character might affect property values, attract commercial economic development, and increase, City tax revenues.

C. DEMOLITION FINDING II ANALYSIS

The following section is an analysis of each of the City's required Category II findings.

Finding 1: The existing property has no reasonable use or cannot generate a reasonable economic return, and that the development replacing it will provide such use or generate such return.

Finding 1 Submittal Requirements:

1. *Building Use – Economic Viability. The applicant shall submit a market analysis prepared by an architect, developer, real estate consultant, appraiser, or other real estate professional with extensive experience in both real estate and historic rehabilitation that demonstrates all of the following:*
   a. *The current use does not generate a reasonable economic return (may include market report of like uses and building scale in the same or similar neighborhood);*

This portion of the Demolition Findings is based upon a comprehensive Appraisal Report prepared by Peter Overton of the valuation consultant firm Yovino-Young Inc. and dated July 10, 2017. All references in this Finding 1 shall be to that report, which is attached hereto as Appendix "1", unless otherwise noted.

The valuation of the building in its current "as is" condition is $3,350,000.

The current use of the property does not generate a reasonable economic return under existing best practices of property management. Apart from any consideration of the historical resource status of the property, the property's "as is" market value (assuming continuity of the current retail occupancy and use is less than 50% of its market value as a vacant site for new development) leaves little doubt that the highest and best use of the property has changed since the building was last leased. This change is due primarily to regional economic factors which are in evidence throughout central Oakland, as sustained job growth has spurred effective demand for residential and office locations close in to employment centers and vital urban environments.

The costs to renovate the property are divided into two types of renovation: 1) cosmetic upgrades and code violation corrections made to the building; and 2) cosmetic, code violation corrections and seismic upgrades made to the building. Type 1 renovations are estimated to be $4,098,487.[9] Seismic renovations are estimated to cost approximately $3,315,104[10].

9. Appendix A, Appraisal, Renovations Repairs & Upgrades, p31. Figure is exlusive of Developer's Contingency, Insurance, Rent Loss, Permits/Fees, and Development Management Fee

10. Appendix E, Seismic Retrofit Report, p. 60. See note above regarding exclusions.

Therefore, it is questionable whether the subject property, even renovated as assumed for purposes of this report, could achieve the highest rental rates given its location and general quality of existing finishes. One of the competitive rentals (presented in the Yovino-Young report through the Income Capitalization Analysis), located at 302 12th Street on the other side of the block from the subject property, is similar in quality and condition to the "as renovated" condition of the subject property, and has been offered for rent at $2.50/sf/month triple net (NNN) for several months. The fact that the comparable property at 302 12th Street has been offered at $2.50/sf/month for several months suggests this rental value may be at or above the upper limit of market rent for the subject property.

The costs to achieve a rental income sufficient to support a capitalized value of $8,817,998 (which includes the costs of structural upgrades to improve seismic stability and various necessary structural, mechanical and cosmetic repairs, as discussed in the Building Soundness Report, Appendix F[11]) are estimated to be $6,555,463.

It is clear that the costs of renovating the property cannot be recaptured in the market through rental income, falling short in overall value by over 40%. Further, the overall rate of return based on stabilized net operating income divided by total costs (as renovated) is below what the market would accept for a property of this quality and location.

Therefore, the current use of the property does not generate a reasonable economic return.

b. That appropriate and reasonable alternate uses in the building could not generate a future reasonable economic return;

Appropriate and reasonable alternative uses of the property cannot yield a reasonable return on investment.

While the current zoning allows multi-unit residential, civic and commercial uses, there appears to be no demand for an alternative use of the property (apart from multi-unit retail) that could generate sufficient additional rental income to justify a greater value, given the costs to establish an alternative use. This scenario would have to account for substantially higher turn-over costs (lost rent, brokerage fees, and tenant improvements). Even if the new rental rates were 200% to 300% of the current levels, the resulting value could not exceed the repair and upgrade costs discussed above, especially considering that, under such conditions, the necessary and expected quality of finishes and functionality would require even higher expenditures.

11. Total includes Developers Contingency, Insurance, Rent Loss, Permits/ Fees, and Development Management Fees. See Appendix A, "Appraisal, Renovations, Repairs & Upgrades," p. 31.

c. *That alterations or additions to the existing building could not make the current or future use generate a reasonable economic return;*

Alterations or additions to the existing building cannot generate a reasonable rate of return on investment. This finding is similar to subsection (b) above in that it involves consideration of at least a partial redevelopment or enlargement of the existing structure, while maintaining the existing use category of street level retail occupancy. Enlargement of the existing building is infeasible for structural reasons. Alterations to the building to meet prospective demand for substantially higher quality rental premises is also questionable given effective market demand, the costs of both remodeling and correcting structural deficiencies, as well as costs of releasing the space once redevelopment is completed. As reflected in the SGH Report in Appendix 2, the scale of expected costs to create sufficient structural stability to enlarge the unreinforced masonry building envelope would substantially increase cost requirements over and above what is currently estimated to deal with needed repairs.

The SGH Report concludes that the building is an unreinforced brick masonry bearing wall building which the State of California has identified as a significant earthquake hazard. The report also concludes the building's configuration and construction, as well as its location in Oakland and proximity to the Hayward fault makes it particularly hazardous. Finally, although the building was brought into compliance the City of Oakland's mandatory retrofit ordinance, the building is still seismically vulnerable as it does not meet current standards for earthquake resistance for unreinforced masonry building.

Therefore, the costs to seismically retrofit this vulnerable building are such that the future use of the retrofitted building cannot generate a reasonable economic rate of return.

d. *Potential Federal Tax Credits, Mills Act Contracts, Façade Grants, Transfer of Development Rights or other funding sources are not feasible to bridge the gap identified above.*

Federal Tax Credits applicable to the subject property could provide an income tax savings of up to 20% of qualifying rehabilitation costs through the use of the Federal Rehabilitation Tax Credits. There are two programs: i) a 20% Rehabilitation Tax Credit program which applies to the rehabilitation of certified historic structures; and ii) the 10% Rehabilitation Tax Credit program which applies to non-historic buildings placed in service prior to 1936. Given the existing survey information that indicates that "1261 Harrison appears eligible as a contributor to fully documented district", it is likely that the building could be listed on the National Register and that a rehabilitation project could use the 20% program. Alternatively, as 1261 Harrison is not formally listed as a historic property, the 10% program could also be utilized.

Mills Act Property Tax Abatement Program. The subject property could qualify for a City of Oakland administered Mills Act contract, which could provide an annual property tax abatement over 10 years. The present value of these tax savings would not exceed ±$10,000, however, since the current assessed value of the property is not significantly lower than its current market value.

Even considering an extreme scenario assuming dramatically increased rents, the present value of such a tax benefit could not exceed $500,000, which could not come close to offsetting the costs of renovation.

Oakland has a grant program which can be used on approved exterior and interior renovations to commercial and mixed-use properties. As the program is subdivided into districts within the City, this project would be eligible for the Central District Project Area. Rehabilitation of historic facades, new awnings and canopies, new paint, doors and storefront systems, new signage are listed as eligible Façade Improvements. Eligible tenant improvements include: hazardous materials abatement, demolition and shell reconstruction, plumbing/mechanical/electrical/HVAC, ADA compliance, interior design and décor and historic restoration of interior features. The program is a matching grant program and approved projects may be reimbursed for up to 50% of actual costs to a maximum of $30,000. While the existing building at 1261 Harrison would be able to apply for this program, the funds would not be sufficient to fully rehabilitate the façade with estimated construction costs $588,672 and estimated construction plus markups of $694,633.[12]

Transferable Development Rights (TDRs) provide a mechanism for transferring ownership of unused property rights to develop abutting lots to a higher density than currently allowed by the zoning code. City of Oakland Planning Code Section 17.106.050 specifically codifies the requirements for the use of the TDR program. The parcel at 1261 is zoned to a height of 85' and the project is proposing to increase the height of the parcel by using the zoning Exception for Additional Height allowed by the City of Oakland's Conditional Use Permit (CUP) process. As the project is securing the additional height through the CUP process, the project does not need to use the TDR process to secure the additional height necessary for the project. Alternatively, if the rehabilitation of the existing building was proposed, the project could sell off the "development rights" to the existing 85' height to an abutting lot; the proceeds of this sale could then be used to rehabilitate the existing building. The project and abutting parcels currently have adequate development potential under current zoning, therefore purchasing or selling TDR's is not necessary or beneficial.

12. *See Appendix F, p. 7.*

The Tenant Improvement Program is a City of Oakland program which provides up to $45,000 in grants to landlords who have a prospective tenant and a premises which has not been vacant more than six months.

While all of the above programs could help in reducing the costs of necessary renovation of the property, taken together, they would not offset the costs of renovation and repair to the extent that the subject property could generate a reasonable return on investment.

The conclusion of this Finding 1, Section 1 analysis is that continued occupancy and use of the property as currently configured may only represent an interim use before an alternate use of the property is approved. A major renovation of the building to extend its economic life for another 30 years, or more, is simply not financially feasible.

2. **Building Soundness.** The applicant shall submit a report from a licensed engineer or architect with extensive experience in rehabilitation as to the structural soundness of the property and its suitability for rehabilitation. The soundness report shall be based on the requirements contained in the Soundness Report Requirements, attached as Appendix 3.

   The Soundness Report concludes that the combined costs of Primary and Secondary upgrades renders the project unsound. The analysis and cost estimate supporting this conclusion is provided in Appendix F, Soundness Report.

3. **Building Maintenance History.** The applicant shall submit a building maintenance history. The report shall also answer the following questions:
   a. What is the cost to repair any code violations?
   b. Is the building free of a history of serious, continuing code violations?
   c. Has the building been properly maintained and stabilized?

   The property was acquired by HS Harrison, LLC ("Applicant") on June 9, 2016 from Wai Ho, Chun Mui Ho, and Chun Lau ("Seller"). At the time of property acquisition, the Seller was unable to provide any building maintenance records to the Applicant. Since the property acquisition, the Applicant has commissioned two separate inspections of the premises for purposes of determining the extent of the building's compliance with State and local building code and fire/life safety requirements. Copies of reports prepared by SpottCheck Consulting and Inspection Service dated March 21, 2017, and by T.C. Consulting dated April 6, 2017, are attached hereto as Appendices 4 and 5, and are made a part of this report. These reports detail the various building and electrical code violations for each unit and recommended corrective actions to bring the units into code compliance.

   As both the T.C. Consulting and SpottCheck reports conclude, it is apparent that the building has not been maintained properly for many years prior to Applicant's acquisition of the property in June of

2016. As the reports note, the building is an unsprinklered Type III or IV construction building operating as a "B", "M" and "S" occupancy. Eight of the ten units were occupied at the time of inspection; one unit was vacated between the time of the TC Consulting/Spottcheck Consulting reports were issued and the preparation of this Demolition Finding Report.

In most of the units, the current or prior tenants have added electrical outlets that utilize both unprotected sheathed/Romex wires and metal clad wiring. These electrical modifications all appear to have been done without permits or inspections. Extensive use of extension cords and power strip type extension cords was apparent in all of the units, evidencing a lack of permanent circuit wiring. Most of the units had open electrical junction boxes and unsafe splices. A Permit History Report was prepared in connection with this Demolition Findings Report which identifies all City of Oakland Code Enforcement, Building Permit and Planning and Zoning permits or actions for 1261 Harrison dating back to 1992; this report is attached hereto as Appendix 6 Given the lack of building maintenance records provided by Seller and, given the fact that the Permit History Report evidences a lack of building or electrical permits which would have been required for many of the electrical alterations, it can be concluded that permits were not obtained for the electrical alterations.

The reports also note wall penetrations throughout most of the units which can create fire and life safety concerns. Each tenant has stored large amounts of flammable materials, including paper and cardboard (creating fuel loads); have inadequate aisle widths for egress; do not have the proper number of, or proper access to, fire extinguishers; and have practiced very poor house-keeping. The stacks of materials pose an additional risk of trapping and smothering occupants during an earthquake.

The inspectors noted evidence of unpermitted sleeping rooms as a part of at least three tenancies, one of which is now vacant. Sleeping quarters and residential habitation are governed by strict fire, life safety and building code requirements. A change in use from "B", "M" or "S" occupancy to "R" (residential) requires specific permits, which were not obtained from the City. Such a change in occupancy, if permitted by the City, would have required the installation of sprinkler systems and adherence to other fire/life safety code requirements. None of the sleeping quarters had proper emergency egress, nor adequate light and ventilation. The TC report (Appendix 5) at p. 18 concludes that "the presence of sleeping rooms and residential use without the minimum fire suppression, notification and life safety systems in this building, increases the potential for accidental fire loss and jeopardizes the life safety of the occupants and responding personnel."

There is also evidence of commercial cooking with inadequate suppression systems and the improper use and storage of propane

tanks. As the SpottCheck Report (Appendix 4) notes at p. 5, "the use of propane indoors presents a very hazardous condition particularly combined with the multiple unsafe electrical conditions."

Based upon those inspections and reports, the cost to repair code violations is $4,098.487. Beyond simply correcting the extensive violations of the Oakland Municipal Code (both the Building Maintenance Code and the Building Code), California Fire Code and National Fire Protection Association Code, the costs of structural upgrades to bring the building to current seismic standards, and various needed structural, mechanical, and cosmetic repairs is estimated at $8,817,998.

4. Existing Building Appraised Value. All appraisals obtained within the previous two years by the owner or applicant in connection with the purchase, financing, or ownership of the property;

The Yovino-Young Report dated April 25, 2017 concludes that the appraised value of the property, consisting of a 15,097 square foot site area improved with a 20,380 square foot building, in its "as is" condition is $3,350,000 (Appendix 1, p. 40).

a. Any listing of the property for sale or rent price asked, and offers received, if any, within the previous two years; and

The most recent recorded transfer of the property was on June 9, 2016. The Property had been listed for sale on LoopNet during the first quarter of 2016 at an asking price of $6,999,000. The sale price was negotiated at $5,900,000 by the Applicant (HS Harrison LLC). The property is not currently for sale.

b. Existing Building/Property Appraisal (current within the last six months):

(i) Estimated market value of the property in its current condition under best practices management;

The Yovino-Young (Appendix 1) report concludes the market value of the property in its current "as is" condition under best management practices is $3,360,000 under the Sales Comparison approach and $3,380,000 under the Income Capitalization approach (p. 67).

The sales comparison approach is based on analysis of similar properties in the same market area as the subject. The analysis demonstrates that there is a market for this type of property and that meaningful value indices can be developed and applied to generate a consistent pattern of indicated overall values.

The income approach is supported by a track record of continued occupancy and a survey of competitive leased premises to support a credible forecast of income and expenses leading to an estimate of Net Operating Income for the subject property under the various valuation assumptions as set forth in the Demolition Findings. This income is capitalized into an overall value using a market based rate of return. This is a standard methodology for valuing investment properties like the subject.

(ii) After repair of construction deficiencies as defined in the Soundness Report Requirements, attached;

The Yovino-Young report indicates the market value with primary upgrade repairs complete is $4,730,000 .

(iii) After repair of construction deficiencies and maintenance as defined in the Soundness Report Requirements, attached;

The Yovino-Young report indicates the market value with primary upgrade repairs completed and industry-standard building maintenance is $5,330,000.

(iv) After any changes recommended by the Historic Preservation Staff/LPAB;

The rehabilitation scope was priced to assume restoration of the building to its period of significance. Any restoration would be done in accordance with the Secretary of Interior's standards for rehabilitation.

(v) After completion of the proposed demolition or removal; and

The Yovino-Young report indicates the market value of the property "as vacant" and unimproved is $7,000,000.

(vi) After completion of the replacement proposal.

$185,000,000

5. Public Benefits. A public benefits analysis report shall be prepared and take into consideration the educational, cultural, social, equity, and economic benefits of the historic building and the proposed building. Some issues that shall be considered include, but are not limited to:

a. The benefits to the City's tourism industry;

The existing building is situated within the historic "King Building Group" – a designated area of primary importance (API) identified in the specific plan. Notwithstanding the current historic rating for

the existing building and the King Building Group as a whole, the block itself does not attract any tourism traffic. However, there is the potential for the proposed development to stimulate tourism via the activation and programming of the alleyway to include restaurant and retail uses affording views of the Tribune Tower.

The Project is uniquely positioned in Upper Chinatown and is located in a transit-centric area of Oakland and will function as a tourist destination for visitors to the Bay Area. The Project meets the "trifecta" of development desires– retail/office/and residential uses--all housed in one iconic structure. This mixed-use Project will serve many needs of the existing Civic Center and Chinatown community and future visitors by supporting and encouraging bustling open air vendors and other activities. The Chinatown area of the City is a place of convenience for local shoppers, foodies, and tourists looking for a true local gem. With its proximity to Downtown Oakland, the Oakland Museum of California, Oakland Convention Center, and Lake Merritt, this mixed-use neighborhood is conveniently accessible by multiple modes of public transportation, thus making it a great place for current and future generations to experience.

b. *The benefits to owners of other commercial and residential property owners and renters in the area;*

As has been stated, the Project is located within the City of Oakland's Lake Merritt Station Area Plan. The LMSAP aims to revitalize the area around the Lake Merritt BART Station by adding 4,900 new housing units, 4,100 new jobs, 404,000 square feet of additional retail and 1,229,000 square feet of office uses to the neighborhood.

Key objectives of the LMSAP include:

- Increasing activity and vibrancy of the area
- Improving connections both within the Planning Area as well as to major destinations outside the area
- Improving safety and pedestrian-orientation
- Accommodating the future population, including residents of all incomes, households of all sizes, including families
- Increasing the number of jobs and developing the local economy
- Identifying additional recreation and open space opportunities and improving existing resources
- Establishing a clear identity as a center for equitable and sustainable development
- Defining an achievable vision for the area's future that is compelling for implementation of future Projects and public improvements

The Project meets each of these key objectives and represents a measurable step towards meeting the number of housing units, jobs, retail and office square footage objectives expressed in the

LMSAP. The program includes permanent accommodations for both market rate and below market rate residents, and households ranging in size from singles to families. It will feature a large office footprint which will increase the number of jobs in Oakland and help support the local economy through foot traffic. The improvement of the King Alley will not only provide open space, but will also attract tourism and improve the activity and vibrancy of the area.

This Transit Oriented Development will increase ridership at the nearby 12th Street and Lake Merritt BART stations, which directly addresses the primary objective of the Land Use & Transportation Element of Oakland's General Plan. The future addition of AC Transit's regional expansion of commuter friendly intercity BRT service with routes stopping at the Webster/Chinatown Curb Side Stations, providing high-capacity, frequent transit service between Chinatown and City of San Leandro. This service will also improve commerce to this neighborhood center. Along with BART stations at either end of the corridor, the parking demand will be reduced which will allow more patrons at street level to shop and attend activities in Chinatown, again adding long term viability and economic sustainability for this segment of downtown.

Additionally, the proposed mix of land uses within the Project meets the intent of both the land use policies for Upper Chinatown District, and the area land use character designation of "pedestrian transition district", which is to promote housing/commercial and ground floor storefront uses). The mix of land uses not only emphasizes the ground floor retail use, but also greatly contributes to the City's projection of adding 1.2 million square feet of office space in 25 years.

In addition to the many land use and community resource goals and policies outlined in the LMSAP, the Project also meets several of the Plan's economic objectives. The table below provides a summary of the economic objectives identified in the LMSAP met by the proposed program:

(Continued on next page)

Table 1
Lake Merritt Station Area Plan Economic Development objectives

LMSAP – Section 8.1 Economic Development Objectives	
LMSAP Objectives	**Project Development Plans**
Actively highlight and enhance the economic asset of Oakland Chinatown	• Events & Festivals ▪ Activate the alley to serve as a focal point for future community events and festivals. • Marketing and Branding ▪ The ground floor and alley will serve as a unique destination for dining and shopping. ▪ Work with Chinatown Chamber & City to promote the improved area to attract visitors. • Rename Public Spaces ▪ The alley will be renamed to reflect the historical nature of the neighborhood &/or King Building Group.
LMSAP Objectives	**Project Development Plans**
Strengthen crime prevention efforts and improve public safety. Lighting	• Lighting ▪ New pedestrian lighting along 13th Street, Harrison and Webster Streets, and the alley. • The Role of New Development in Enhancing Safety ▪ The proposed development is a true mixed-use Project allowing for a live-work community. ▪ The mix of residential, office, and retail components will activate this area morning to evening. ▪ The ground floor will encompass restaurants, shopping, and community space to create a vibrant atmosphere for the community. • Building and Landscape Design ▪ The ground floor will promote community and retail uses facing the street on Webster, 13th Street and Harrison, and in the alley. ▪ The Project will include both public and private spaces.

Improve quality of life to attract a diverse population to live in the planning area.	• Land Use and Zoning ▪ The Project consists of high density housing with both market rate and affordable components. There will be a comprehensive unit mix of studios, one-bedroom, two-bedroom, and three-bedroom units to attract a diverse tenant profile. ▪ A mix of commercial uses consisting of ground floor retail, office space, and public open space will create the framework for a live-work community. ▪ The Project is a transit-oriented development with close proximity to the City Center/12th Street and Lake Merritt BART stations. • Incentives Program and Housing Development ▪ The Project will include much needed office and affordable housing components in exchange for additional height and density bonuses.
LMSAP Objectives	**Project Development Plans**
Improve quality of life to attract a diverse population to live in the planning area. (cont.)	• School Partnerships ▪ The Project sponsor will work with the Envision Academy of Arts and Technology to develop internships for students. ▪ The Project sponsor will work with the Envision Academy of Arts and Technology to develop internships for students.

Actively engage with multicultural communities in business and employment development.	• Business Improvement District ▪ The projected increase in retailers and businesses the Project will generate could justify the creation of a Business Improvement District (BID) to support the sustainability and vibrancy of Upper Chinatown. • Multicultural Community Engagement ▪ The Project sponsor plans to conduct a competition for local artists to contribute prominent artwork incorporated in the building program such as the "Moongate" entrance to the alleyway – a feature linking the Project aesthetics to Asian American culture.
Improve the Planning Area's visual image.	• Streetscapes, Parks, and Design Guidelines ▪ Streetscapes will be enhanced with trees, new sidewalks, and lighting along Webster Street, Harrison Street, and 13th Street. ▪ The King Alley will include new shopping and restaurants. • Façade Improvements ▪ Contribute to a façade improvement program to help improve other commercial properties within the remainder of the King Building Group. • Maintenance ▪ An association will be developed for the Project and part of the CC&R's will incorporate a fee to maintain the property, streetscapes and King Alley.
LMSAP Objectives	**Project Development Plans**
Support business development and job creation.	• Small Business Development Programs ▪ The Applicant intends to coordinate with local construction training programs to achieve community and local hire objectives for apprentices, laborers, local and small local business enterprises, as well as engage on-the-job training (OJT)Local Hiring. • Job Training and Placement. ▪ The general contractor will employee local laborers and unions to build the Project.

Figure 7
30-year development tax contribution chart

c. The services provided to the community, including social services;

The existing building currently generated $42,187 of tax revenue in 2015, an amount that would significantly increase upon construction of the Project. The chart provided below demonstrates the estimated annual public revenue to the City of Oakland over the building life (30 years) generated by development, including estimated property tax, transfer tax, and business tax resulting from the office, retail, and residential uses programmed for the Project.

Most of this revenue flows to the City's General Purpose Fund—Oakland's primary source for funding government services across most departments. The General Purpose Fund consists of discretionary revenue allocated by the City Council and the Mayor through priorities established during the budget process. It is estimated that the Project will generate on average over $5,000,000 in annual tax revenue for the City's General Purpose Fund. The present value of the total tax benefit to the City over the 30-year period is estimated more than $69,000,000 (see Exhibits 4 – 6 in the report prepared by CEF Realty dated 04/2017 and attached as Appendix G).

Since the Project will offer for-sale condominiums, included in the annual tax estimates are transfer tax revenues received upon the sale of each unit. The Project is expected to sell out in less than 12 months and is anticipated to generate over $3,600,000 in transfer taxes during Year One (post construction). Likewise, any subsequent sales of the units will generate future transfer taxes.

Other services to the community include the addition of below market rate units potentially offering affordable home ownership options for families earning less than 50% of the area median income (AMI). The project anticipates offering between 11% and 15% affordable housing units. Equally important, the Project unit mix for the affordable units will include much needed family-size three-bedroom units. Additionally, based on the projected increase in retailers and businesses the Project will generate, a viable business improvement district may form to support the sustainability and vibrancy of Upper Chinatown.

d. Housing and jobs opportunities;

The existing building has no residential units. The Project, however, will create 176 units of much needed for-sale housing. The Project seeks to achieve between 11% and 15% affordable housing units (i.e., 19-26 units) offering for-sale options to individuals and families earning less than 50% of the AMI.

The Project is projected to add hundreds of jobs to the Oakland economy, not only during construction, but also post-construction. Regarding construction jobs, the Applicant intends to coordinate with local unions and construction training programs, such as the Construction Resource Center and Mandela Training Center, to achieve community and local hire objectives for apprentices, laborers, local and small local business enterprises. The Applicant also intends to engage OJT and internship opportunities exposing candidates to project management and other non-construction support activities. Additionally, the Project will generate longer term non-construction employment opportunities by attracting businesses and retailers to occupy the available office and retail space.

e. Civic, community, and neighborhood identity;

As has been previously stated, the property is currently occupied by seven small businesses– the remaining three units are currently vacant . As the rent rolls depict (see p. 34 of the Yovino-Young report, Appendix A), almost all of the occupied subject units appear to be leased at rates below current market values. The existing businesses generate very little foot traffic and low sales. Additionally, the building façade and alleyway are covered in graffiti and make for an unwelcome and uninviting presentation along the Harrison Street frontage.

All current tenant operations end at or around 5 pm; as a result of the dimly lit sidewalk, the block is not active nor pedestrian-friendly after dark. The Project will bring new residents, employees, and businesses into the local neighborhood bringing the energy and activity needed to create a vibrant commercial block.

f. Cultural heritage and the image of the City and local neighborhood;

The Project will recognize and support the preservation of this portion of the Upper Chinatown neighborhood identity. The Project will not only contribute over $1,000,000 to the City Art Program, and will also include local artist's works as a part of the Project. Specifically, the Project sponsor plans to conduct a competition for local artists to contribute artwork to be incorporated and prominently displayed throughout the building.

In addition, the Project envisions placement of a custom gateway at the entrance to the King Alley. The incorporation of a culturally-sensitive, locally designed and fabricated working piece of art is an important acknowledgement to a traditional architectural element in Chinese gardens, the "moongate," and will play homage to Chinatown's cultural heritage.

Façade improvements will also enhance the curb appeal of the entire block, while streetscape and lighting improvements will add to the pedestrian and bike experience, public safety, and traffic calming measures.

The Project Applicant is willing to allocate additional funds to the City's Art Program and would propose to spearhead an effort to renovate the façades of the other buildings within the King Building Group.

The vision of the Project also coincides with the Lake Merritt Station Area Plan's vision for Upper Chinatown: to preserve the area as one of the last of its kind in Northern California, as well as enhance the experience of Oakland's Chinatown. The Project will also benefit local businesses by incorporating office and residential components that will attract patrons for surrounding local restaurant/ food service and small retailers.

The market-hall style retail will connect 13th Street to the mid-block alley, a unique urban environment that will be transformed from a parking lot to a community destination. The retail space is designed to facilitate several smaller retail opportunities, while providing programs, such as food service, to support and enliven the alley. Activating the King Alley by encouraging a consistent pedestrian presence will also help limit the alley's current use for graffiti. The addition of this creative open space is another objective of the Lake Merritt Station Area Plan. The mix of land uses within the Project will also offer approximately 2,800 square feet of community space to address the lack of affordable rental options for non-profits and community

serving uses. The Applicant also plans to implement a relocation and retention program for existing tenants to help preserve the cultural identity of the neighborhood.

Historically, Charles H. King, for whom the block is named, came to California with his family to stake a claim in the West, as so many others had done during the late 1800's and the turn of the century. The King Building Group was developed to create a business center and to provide a destination for commerce, entertainment, and a place to grow an enterprise. With the development of the Project, this area can again act as a stimulus to the renaissance of the center of Downtown and Chinatown.

g. Educational opportunities and cultural benefits regarding architectural and local history.

The Project will seek to preserve the historic fabric of the building and community by incorporating existing architectural elements and plaques to increase the public's understanding of the area's historic significance.

The educational opportunities regarding local history and cultural benefits of the Project are a significant component to the development plan. The rich history of the King Building Group is obscured by the current uses and treatment of the existing buildings. The Project plans to make this history a living, breathing part of the development, with interpretive signage and displays. The incredible architecture housing the Project will, rather than overshadow or obscure the features of the King Building Group (and, particularly, the King Building and King Alley), showcase the beauty and rich history of these two important features of the King Building Group.

The Project will tell the story of the developer of the King Building Group which reads as follows:

The King Building Group was developed by the King family between 1904 and 1922, led by visionary Charles H. King, a wheat and lumber baron, and real estate developer, who arrived in Oakland in 1884.

In 1897, following the sale of his 30,000-acre Salinas Valley wheat farm, he invested in Oakland real estate by purchasing the entire block that would later contain the King Building Group sometime between mid-1903 and mid-1904 from A.C. Dietz. In 1908 he formed the King Estate Company to develop and manage the family's real estate holdings.

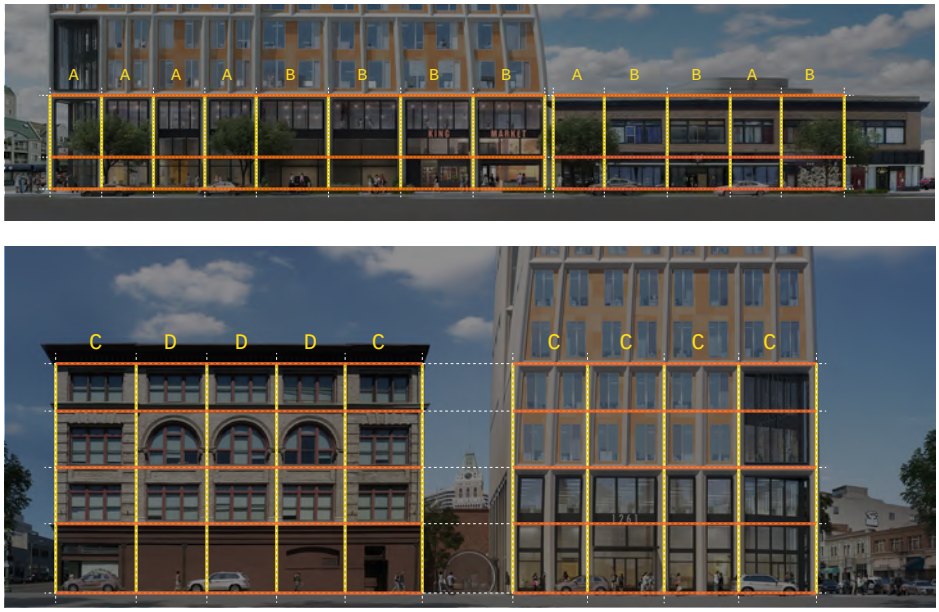


Figure 8
Contemporary expression of historic building elements

The King Building Group is an early example in Oakland of a modern Chicago- influenced commercial block and shows the influence of early skyscrapers. Like the vision carried out by the King family, the Project will not only create an important addition to the Oakland skyline, but also bring attention to the early pioneers who helped shape our City. The Applicant intends to share the King Building Group's rich history in various programmatic elements of the Project, potentially through plaques and monuments.

Finding 4: The design quality of the replacement facility is equal/superior to that of the existing facility. Analysis prepared by a historic architect or professional with equivalent experience.

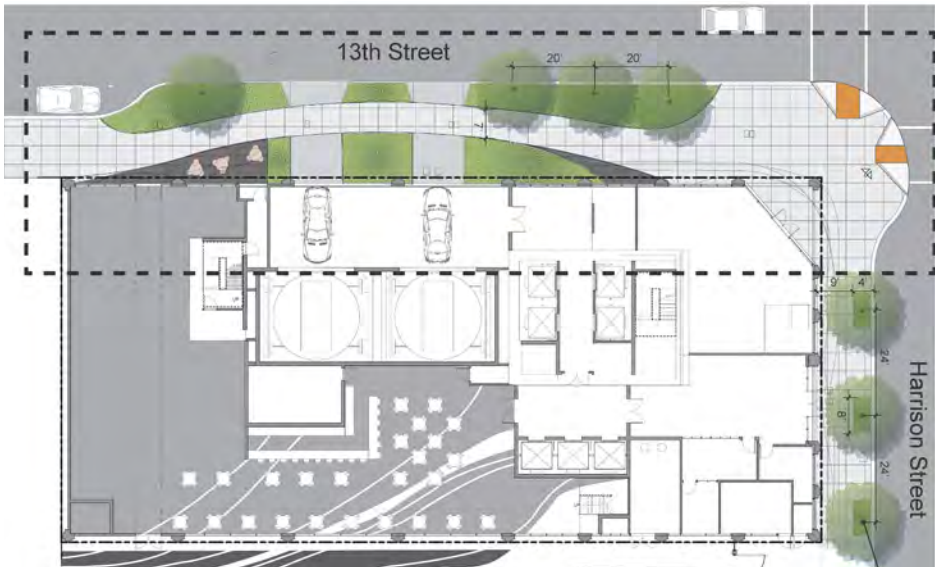


Figure 9
Wide sidewalks, planters, and seating will enhance the street.

Finding 4 Submittal Requirements:

A report shall be submitted that addresses whether the proposal demonstrates equal or superior quality with respect to:

1. *A clearly identifiable visual or design value. For instance, does the replacement proposal express its present character as strongly as the historic design expressed its past?*

The proposed replacement structure expresses contemporary visual and design values. As a high-rise building in a region with high seismic vulnerability, it is necessary to have a supporting structure that is economical and functionally appropriate to the scale of the building. Whereas load-bearing masonry was considered an appropriate façade material for low-rise structures in the past, it is not functional under current seismic codes without supplemental bracing. The proposed project

Figure 10
A modern interpretation of classic historic elements

expresses the concrete frame in a similar manner that the existing building expressed through the masonry supporting walls; both the proposed project and the existing building express the primary structural system as a component of the architectural design.

Using high-performance glazing, current building technology allows for larger areas of glazing than were traditionally available; the high-performance glazing provides a thermally efficient exterior and increased interior daylighting. Other advances in contemporary building technology include the ability to modify the appearance of the curtain wall panels with color, thereby altering the building appearance. The use of colored spandrel panels within the glazing system to provide visual expression is like the use of glazed bricks in the 1261 building. As the existing building was designed in a manner that expressed its time, the proposed design provides a strong contemporary architectural expression.

Figure 11
Durable, high quality materials will be used on the exterior.

2. *Durability, quality, and design value of surface materials. Durable and quality materials include, but are not limited to: stone, granite, marble, concrete, highest quality and detailed glass curtain wall, terra cotta or other materials appropriate to the design style of the building or context of the neighborhood. In terms of design value, are materials in the replacement building used to enhance the architectural design elements of the building instead of used solely for the sake of variety.*

The proposed design consists of a concrete frame and well-detailed, fully-integrated glazed curtain wall system. There is a strongly expressed rhythmic bay system that has large openings to interior retail, community serving commercial, office and residential entrances and vehicular entrances. The storefronts are carefully integrated into the structural frame, the storefronts include large doors that will provide a transparent connection from the interior retail to the street. Storefronts and doors are dark anodized in a similar manner to the dark painted window frames of the abutting building. Building signage is integrated into

spandrel panels that divide the first and second floors. As a reflection of the detailing at the entries to the abutting building the paved street level entry recesses are of high-quality integral colored concrete with a decorative pattern (see Figure 10).

Figure 12
Gateway to Chinatown with a strong connection to transit

3. *Significant enhancement of the visual interest of the surrounding area;*

The surrounding context has changed since the date of the construction of the existing building. At one time, this area of Oakland had a high level of commercial vibrancy. The nearby Hotel Oakland provided the highest level of luxury and created foot traffic for nearby commercial areas including the King Block. The hotel closed at the time of the Great Depression, and the nearby commercial areas went into decline. While the Hotel Oakland and neighboring blocks have been renovated into senior housing, the area has never returned to its historic vibrancy. By increasing day and nighttime foot traffic from residents and occupants of the new office and residences, the current proposal will provide increased demand for community serving retail and restaurants and will thereby enhance the surrounding area. The proposed expanded sidewalk area with new trees and landscaping, and the re-vitalized alley will also enhance the surroundings.

4. *High quality detailing;*

The proposed Project has a strong architectural expression that emphasizes an exterior frame. The tower form is shaped to maintain view corridors of historic buildings such as the Tribune Tower, and to avoid "looming" over the adjacent properties. The colored spandrel panels within the glazing system slightly contrast with the expressed concrete frame to provide a high level of visual interest. These details are further described in Subsection 5.3.

5. *Composition. A well composed building integrates all aspects of the building (materials, façade patterns, proportions, openings, forms, massing, detailing, etc.) into its overall character and design.*

   The proposed Project is comprised of an expressed concrete frame that separates and undulates as the massing rises. The frame is infilled with a pattern of clear glass and colored spandrel panels. Several openings near the base of the building are infilled with a metal screen with a decorative pattern. Ground level storefronts are well detailed and durable. The base of the building at the alley side is infilled with red common brick that is typical of the facades at the alley. Paving at the ground level openings is patterned for visual interest. Overall the project design is well composed and proportioned, the separation and twisting of the vertical mass of the tower breaks down the massing and provides design interest from distant vantage points.

6. *Site setting, neighborhood, and streetscape contexts;*

   The proposed project will rehabilitate and expand the sidewalk areas at the street facing perimeter of the project, these areas will incorporate trees and site furnishings. The rear alley will be repaved, retained and used as a pedestrian alley that will incorporate restaurant seating. Pedestrian serving ground floor uses include a restaurant and community serving lease space. These improvements will enhance the neighborhood and the streetscape context surrounding the proposed building.

7. *Incorporating "especially fine" construction details, methods, or structural materials. These include those that successfully address challenging structural problems, contribute significantly to the building's overall design quality, exhibit fine craftsmanship, or are visible design elements;*

   The proposed Project is well detailed and incorporates an expressed concrete frame that is infilled with a combination of well-detailed storefronts at the ground level, a pattern of clear and colored spandrel glass at the upper levels. Selected locations near the ground level incorporate a patterned metal screen. The composition is well organized and is of a high-quality of design.

8. *The replacement building's reflection of the time it was designed, not merely a caricature of the demolished building;*

   The proposed project, which incorporates an expressed concrete frame, high quality glazing system with colored glass spandrels and metal screens, is a strong contemporary design. The design reflects the expressed glazed terra cotta brick masonry structure of the existing building in a contemporary manner.

9. The replacement building's contemporary interpretation of the demolished building's elements in terms of the cultural, historic, economic, or technological trends of its time.

At the time of the construction of 1261 Harrison in 1916, commercial buildings in Oakland were typically constructed of fireproof construction such as brick masonry exteriors. The interior floors and roof assemblies were constructed of dimensional lumber, windows were painted wood sashes of both operable and fixed types, with single-glazed small multi-lite configurations, as large sized of glazing were not economically feasible. The facades, storefront bases and entry recesses were often embellished with small format glazed ceramic tile. The use of dimensional lumber for the roofing limited the bay size at the interior and necessitated either interior load bearing walls or columns at regular intervals as required to support the structure above.

1261 Harrison was the 4th building constructed in the King Street group. The building is structurally and physically independent from the other buildings and was constructed as a multi-tenant commercial building with each of the tenant spaces having street facing access for entry and entrance by users, and a second means of egress to the rear alley for service access. While the scale of the building is only one-story with a mezzanine (approximately 18' tall), the other buildings in the complex were taller multi-story buildings.

The design of 1261 incorporated a brick masonry exterior and painted wood windows and is not integrated with the design of the other buildings; there is no consistency of building height, cornices, belt lines, and window sizes between 1261 and the adjacent buildings. 1261 is the only building that has an ornamented façade of glazed brick with terra cotta and arched openings. All the buildings share a predominant rhythm of the brick pilasters with punched window openings.

The replacement is of a greater scale than the building it is replacing. The incorporation of the open, rhythmic arcade that is part of the expressed structural frame is a contemporary interpretation of the existing building. The proposed Project utilizes contemporary means and methods of construction that are reminiscent of the existing structure.

Finding 5 (all properties): For all properties in a district: the design of the replacement Project is compatible with the character of the preservation district, and there is no erosion of design quality at the replacement Project site and in the surrounding area. This includes, but if not necessarily limited to, the following additional findings:

1. *The replacement Project is compatible with the district in terms of massing, siting, rhythm, composition, patterns of openings, quality of material, and intensity of detailing;*

   As described in the State of California DPR forms for the King (Charles H.) Building Group prepared by The Oakland Cultural Heritage Survey (1982), the potential district is "a group of five attached brick commercial buildings and alley built between 1904 and 1922, together fully occupying the blocks bounded by 12th, Webster, 13th and Harrison Streets. Although Heights vary from one to four stories, the buildings are visually related by zero setbacks, similar recessed brick surfaces, skeletal articulation, Renaissance/Baroque ornamentation and the lack of any vacant lots or other intrusions. The prominent use of arcades on three of the buildings is another unifying element. The alley entrances are masked by being set within the facades of two of the buildings."

   The proposed project is consistent with the potential King Block Group by its zero-setback build-out, skeletal articulation, expression of a consistent bay rhythm and arcade-like ground floor. While the proposed project is taller than the existing King Block Group which itself is comprised of buildings of differing heights, the height difference between this property is not inconsistent with the existing height differences with the King Group. The use of the well-proportioned storefront system, colored spandrel glass and use of detailed brick paving at the building entrances provides a quality of material and intensity of detailing that is representative of the other structures of the King Group.

2. *New street frontage with forms that reflect the widths and rhythm of the façades on the street and entrances that reflect the patterns on the street;*

   The zero-setback footprint and expressed structural grid provides a rhythmic series of openings that reflects the existing street patterns are similar to the other structures in the King Group. The proposed Moon Gate that masks the alley entrance on Webster Street is consistent with the King Group structures.

3. *The replacement Project provides high visual interest that either reflects the level and quality of visual interest of the district contributors or otherwise enhances the visual interest of the district;*

   The expressed concrete frame, with infills of decorative screens, and glazed storefront systems with patterns of clear and colored spandrel glass, is of a quality level that is representative of other structures in the King Group. The design enhances the visual interest of the King Group through the use of contrasting but high-level design.

4. *If the design contrasts the new to the historic character, the replacement Project enriches the historic character of the district;*

   The contrasting design of the proposed Project enriches the historic character of the district through the use of high quality detailing that is expressive of the time, thereby allowing the materials and methods of the remaining structures in the King Block to be fully expressed.

5. *Is consistent with the visual cohesiveness of the district. For the purpose of this item, visual cohesiveness is the architectural character, the sum of all visual aspects, features, and materials that defines the district. A new structure contributes to the visual cohesiveness of a district if it relates to the design characteristics of a historic district while also conveying its own time. New construction may do so by drawing upon some basic building features, such as the way in which a building is located on its site, the manner in which it relates to the street, its basic mass, form, direction or orientation (horizontal vs. vertical), recesses and projections, quality of materials, patterns of openings and level of detailing. When a combination of some these design variables are arranged in a new building to relate to those seen traditionally in the area, but integral to the design and character of the proposed new construction, visual cohesiveness results; and*

   The proposed project is consistent with the remaining King Group structures by: its siting through the zero-setback configuration, by the varied height, use of the expressed frame and the rhythmic bay expression, by the incorporation of the ground level arcade and by the masking of the alley entrance with the gate. The proposed paving detailing at the entrances is consistent with the ceramic tile detailing of the other King Group structures.

6. The replacement Project will not cause the district to lose its current historic status.

   The existing building at 1261 Harrison constitutes 20% of the contributing elements that comprise the historic King Building Group's historical built environment, which covers an entire City Block bounded by Webster, 12th, Harrison, and 13th streets. The proposed Project will break apart an intact grouping of historical resources that have been identified as a City of Oakland Area of Primary Importance (API) National Register eligible district, and the Page & Turnbull report, dated July 6, 2017, confirms that 1261 Harrison maintains integrity as an individual resource. While the report does not evaluate the status of the entire King Block grouping, it is believed that the entire grouping retains integrity and that the grouping is a potential National Register historic district as of the date of the report.

   The potential King Block Historic District is comprised of 5 built structures and the alley (6 resources). The loss of 1261 Harrison within this

grouping would retain 4 out of 5 structures and the alley. The loss of the single building at 1261 Harrison would leave the alley and 4 contributing structures to the potential district. The proposed tower is on the north side of the King Group, therefore there would not be any shadow impacts to the potential district. The proposed project would be fully built out to the zero-property line as is characteristic of the other properties in the King Group.

The King Group properties do not maintain a consistent height or uniform cornice or belt line:

King Building--4 stories
312 12th Street – 1 story
334 12th – 2 stories
337 13th--2 stories
1261 Harrison – 1 story

The proposed project would be taller than the properties in the potential district, however as the district is comprised of properties with dissimilarities of height between the adjacent properties, the additional height of the proposed project is not out of context.

The proposed project will modify the potential King Group historic district by the loss of one resource. The proposed project maintains the fully built-out footprint, maintains the alley, and provides a similar bay rhythm and ground level arcade as exist throughout the King Group. The loss of this single resource of the existing six will not cause the potential district to lose its current historic status.[13]

Finding 5 Submittal Requirements:

Analysis of the findings prepared by a historic architect or professional with equivalent experience.

Other discussion points include the following:

1. *The proposed design not only protects the integrity and aesthetic quality of the historic district but enhances and enlivens the historic fabric at the same time respecting and recognizing the district or due to circumstances discussed in the analysis, the project has been designed as a background Project to the district (i.e., a simplified version of a period revival style).*

   As explained in Subsection 5.3, the replacement Project is designed in a contemporary style that is subordinate to the historic features and details of the surrounding buildings.

2. *The new building's contemporary interpretation of the demolished building's elements in terms of the cultural, historic, economic, or technological trends of its time.*

13. *See Appendix H "Impact Analysis: Area of Primary Importance," for independent conclusion regarding Finding 5.6*

By the careful alignment of the horizontal lines at the lower levels, the new building provides continuity between the new building and the surrounding buildings. The incorporation of brick detailing at the base of the building in the alley recalls the materials of the demolished building and the surrounding buildings.

3. *If a replacement Project conveys an authenticity of its own time, it is compatible with the authenticity of the existing historic district.*

   In a similar manner to the way that the demolished building was of its time through the incorporation of decorative glazed terra cotta ornament and bricks and small scaled painted wood sash windows, the new building utilizes contemporary structural systems and materials that include a exposed precast concrete frame and large format glazing; the design of the new building reflects current technological trends.

4. *The compatibility of the design of the replacement proposal with the district without being merely a compilation of façade features that are common to district or a caricature of the buildings in the district.*

   The Project will create important public benefits that outweigh the benefits of retaining the original structure, providing much needed program space for retail and community organizations, as well as office space and housing. The Project supports and enhances the goals of the Lake Merritt Station Area Plan and the City's General Plan, increasing the City's housing stock within easy access of multiple transit options, creating additional office space to generate revenue for the City, and bringing economic gains to local businesses. The Project would upgrade infrastructure, improve sidewalks, landscaping, safety, and pedestrian connectivity, including the enhancement of the mid-block alley to create a new urban destination. The Project's mitigations related to historic preservation would contribute to the historic significance of the API, providing revenue to maintain key elements of the district. The Project would also generate tax revenue for the City in excess of 175 times what is currently generated from the Project site. The development would enhance the streetscape, provide housing near transit, activate the neighborhood with residents and workers, enhance resident and visitor safety and security, and help implement the City's policy goals.

Finding 6: It is economically, functionally, architecturally, or structurally infeasible to incorporate the historic building into the proposed development.

Finding 6 Submittal Requirements:

A report shall be submitted that addresses the following discussion points:

1. *Could alterations or additions to the existing building make the current or a future use generate a reasonable economic return and/or architecturally/structurally accommodate the proposed uses?*

   Based upon the scale of the Project and its "trifecta" of mixed-uses (residential/office and retail), there is no level of alteration which would generate a reasonable rate of return and accommodate the proposed uses. If the current building were reused, its form (single level with a mezzanine Type III or IV construction) and massing would be best suited to a continuation of retail space. Based upon the scale of the Project and the projected total rentable square footage upon Project completion, there is no feasible way that the reuse of the existing building, even using conservative alterations or additions, could achieve the same or near-close level of economic return.

2. *Do preservation alternatives exist which can achieve at least the same level of non-preservation benefits?*

   The only preservation alternative that exists which would allow the building to remain in its current historic state would be rehabilitation and preservation in place with minimal exterior expansion or alteration. Such rehabilitation or adaptive reuse of the property that would achieve the same or comparable level of economic return as the Project would require an extensive addition of square footage to 1261 Harrison which would impact the historic character and eliminate the building's ability to retain historic significance. Full retention of the structure would not provide the same benefit to the community as would the housing, retail and tax-revenue generation benefits achieved through the Project.

3. *Include discussion of potential economic benefits of a rehabilitated or reused cultural resource, including how building or district character might affect property values, attract commercial economic development, and increase, City tax revenues.*

   While the rehabilitation of the building that is proposed to be demolished would restore that individual building, the economic impact of such a project would be significantly less than the economic impact that will be generated by the proposed project. The current project is proposing to provide funding that will restore other buildings in the King Group and will provide a beneficial increase to City tax revenues. The increased density of office workers and residences will provide increased demand for surrounding retail and will thereby increase lease rates and property values in the area.

Page Left Intentionally Blank

Yovino & Young

Appraisal Report

Appendix A

YOVINO
YOUNG
INCORPORATED

APPRAISAL REPORT

1261 Harrison Street
Oakland, California
September 29, 2017

G. MICHAEL YOVINO YOUNG
MAI, SRA, ASA, FSVA
PRESIDENT

ALISON J. F. TEEMAN
LLB
VICE-PRESIDENT

YOVINO YOUNG
INCORPORATED
VALUATION CONSULTANTS

September 29, 2017

Fred Daven
Senior Vice President
Pinnacle Red Group, Inc
12 S 1st Street, Suite 1108
San Jose, CA 95113

APPRAISAL REPORT
Re: 1261 Harrison Street
Oakland, California
Our Reference No. 170000

Dear Mr. Daven:

At your request and authorization, we have completed an appraisal of the above referenced property which consists of a ±15,097 ☐ corner site, currently improved with a single story multi-unit retail building, constructed c. 1916, with a total gross floor area of ±20,380 ☐.

The purpose of the appraisal is to form an opinion the market value of a leased fee interest in the property as of March 1, 2017 under the following premises[1].

i.	Estimated market value of the property in its current condition under best practices management.
ii.	After repair of construction deficiencies as defined in the Soundness Report Requirements as primary upgrade costs.
iii.	After repair of construction deficiencies and maintenance as defined in the Soundness Report Requirements primary and secondary upgrade costs.
v.[2]	After completion of the proposed demolition or removal.

With respect to appraisal premises i, ii, & iii, this analysis is subject to an extraordinary assumption that the existing property improvements will continue to be occupied and utilized as retail units indefinitely.

The intended use of the appraisal report is to assist you in presenting an application before the City of Oakland Landmarks Preservation Advisory Board,
(continued)

[1] As set forth in the City of Oakland Demolition Findings for Category II Historic Properties (attached as Exhibit B; See Section 4H (Special Conditions of the Appraisal). Appraisal premises iv. & vi. are not applicable to this assignment.

Subject Property
1261 Harrison Street,
Oakland, California

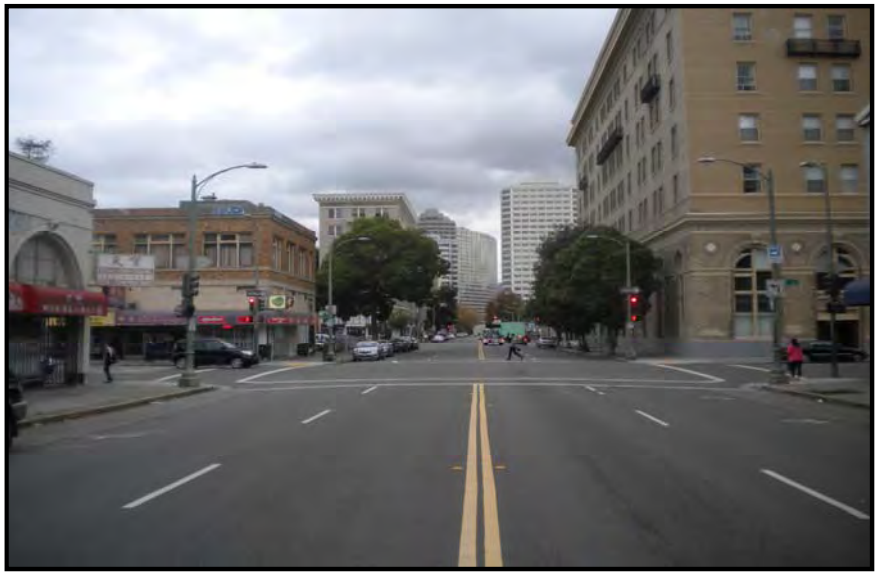
Front of Subject; looking across intersection of Harrison and 13th Streets

Harrison Street frontage

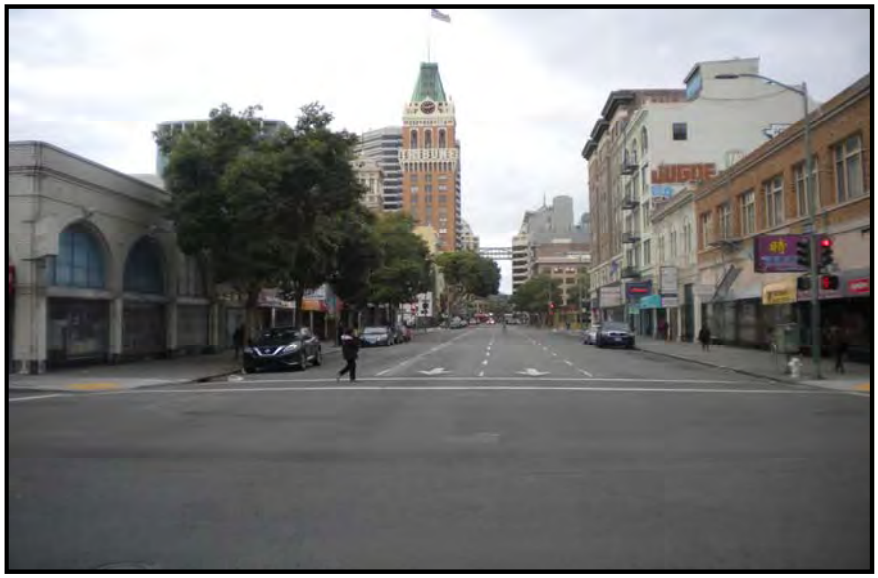
13th Street frontage looking easterly

Subject Property
1261 Harrison Street,
Oakland, California

Harrison Street looking southerly



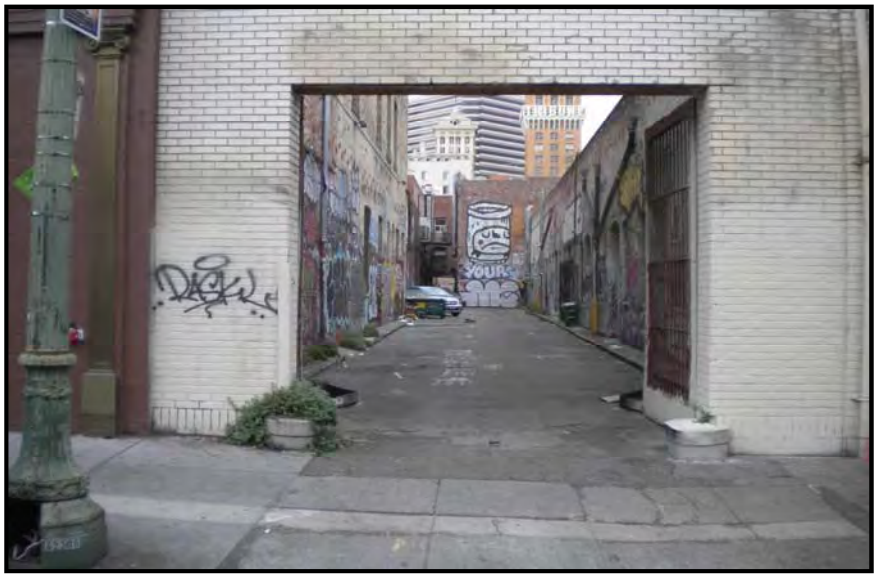
Harrison Street looking northerly



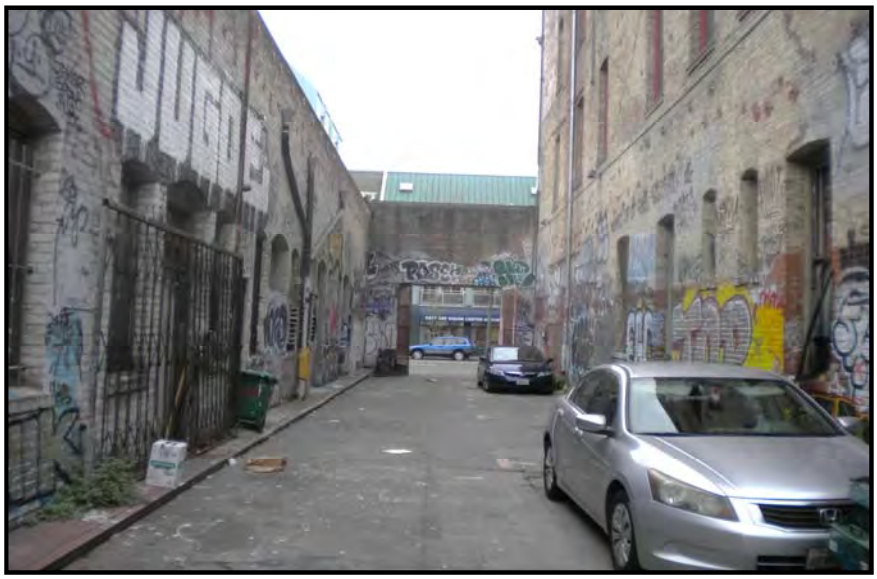
13th Street looking westerly

Subject Property
1261 Harrison Street,
Oakland, California

13th Street looking easterly



Harrison Street entrance to rear alleyway



Rear alley way looking easterly toward Harrison Street

Subject Property
1261 Harrison Street,
Oakland, California

1261 Harrison Street;
storefront

1261 Harrison Street;
interior

1269 Harrison Street;
storefront

Yovino-Young Inc.
Our Refrence No 160586

Subject Property
1261 Harrison Street,
Oakland, California

126 Harrison Street;
interior

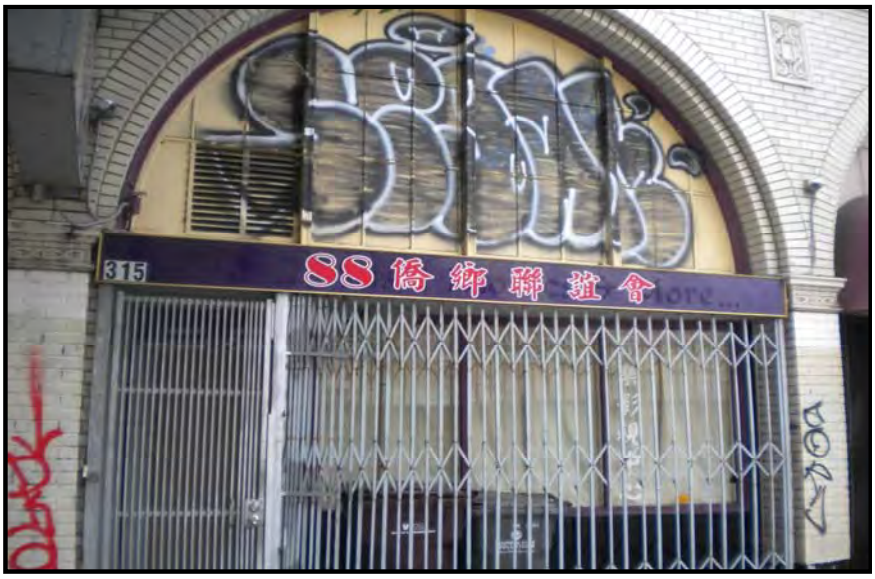
301 13th Street;
storefront

301 13th Street; inteiror

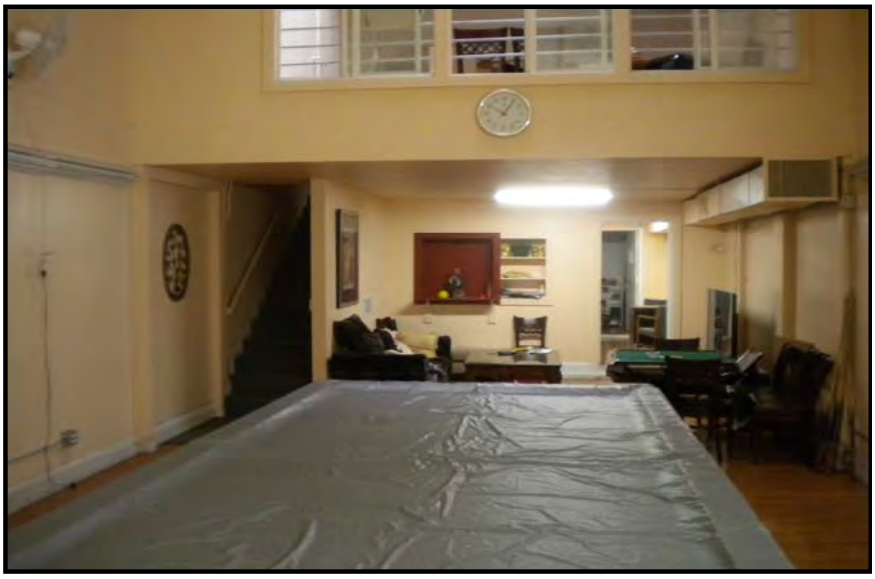
Yovino-Young Inc.
Our Refrence No 160586

Subject Property
1261 Harrison Street,
Oakland, California

315 13th Street;
storefront



315 13th Street; inteiror



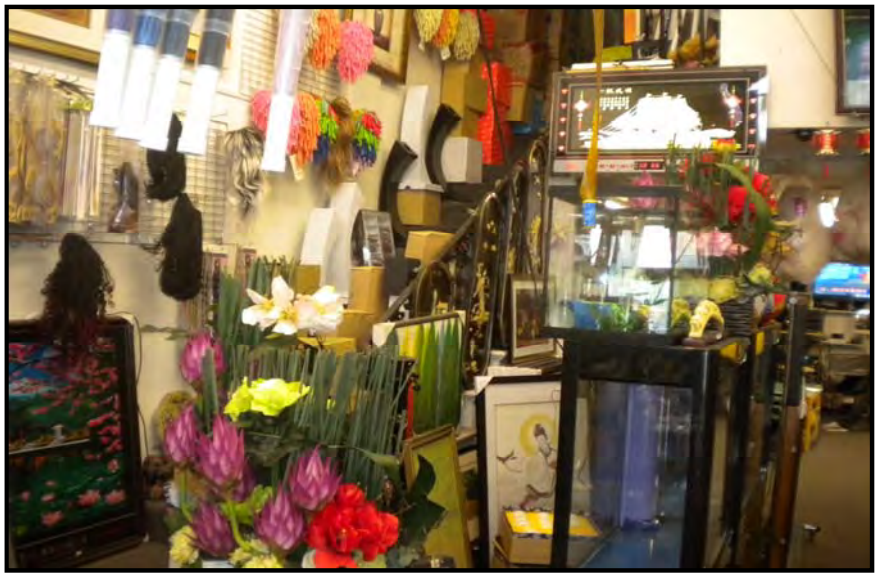
317 13th Street;
storefront

Yovino-Young Inc.
Our Refrence No 160586

Subject Property
1261 Harrison Street,
Oakland, California

317 13th Street; inteiror

319 13th Street;
storefront

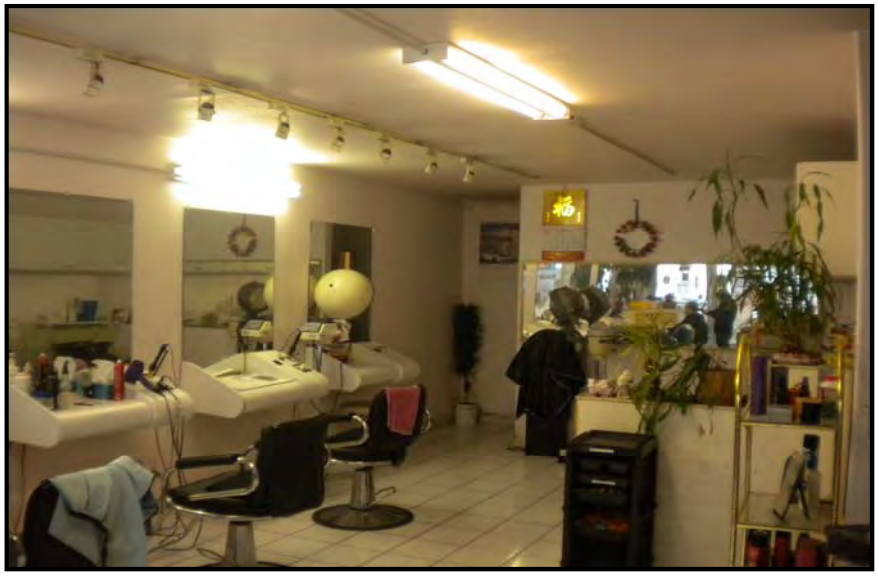


319 13th Street; inteiror

Subject Property
1261 Harrison Street,
Oakland, California

319 13th Street;
storefront

319 13th Street; inteiror



323 13th Street;
storefront

Yovino-Young Inc.
Our Refrence No 160586

Subject Property
1261 Harrison Street,
Oakland, California

325 13th Street; inteiror

329 13th Street;
storefront

333 13th Street;
storefront

Subject Property
1261 Harrison Street,
Oakland, California

333 13th Street; inteiror

View of roof

YOVINO YOUNG INCORPORATED

and ultimately to the City of Oakland Planning Commission, for a permit to demolish (in whole or in part) the structures on the subject parcel. This is in preparation for development of a proposed new high-rise mixed use project on the site.

This appraisal is communicated in an Appraisal Report, as defined and regulated in Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2016.

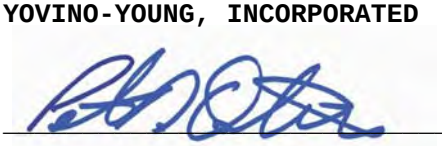
Based on this investigation and analyses, it is my opinion that the market value of the Leased Fee Interest[3] in the property, in "As Is" condition, as of March 1, 2017, and subject to the Assumptions and Limiting Conditions contained in Section 4 of this report, is as follows:

i.	**Market Value As Is:**	**$3,600,000**
ii.	**Market Value: Primary Upgrade repairs complete:**	**$5,890,000**
iii.	**Market Value: Primary & Secondary Upgrade repairs complete:**	**$6,690,000**
v.	**Market Value after removal of improvements:**	**$7,000,000**

Attached as Exhibit E is a statement of the professional qualifications of the appraiser. The appraiser whose signature appears below meets all of the requirements of the Competency Provision of USPAP.

Thank you for providing us this opportunity to be of service. We will retain all relevant data and research material in file should you require further appraisal services concerning this property.

Very truly yours,
YOVINO-YOUNG, INCORPORATED



Peter D. Overton, MAI
Appraiser
Certified General R.E. Appraiser,
California State License No. AG002631

[3] In the case of premise v. (below) the property rights which are the subject of the appraisal are Fee Simple

TABLE OF CONTENTS

1. SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Subject Property: 1261 Harrison Street, Oakland, Alameda County, California. A single ±15,097 ⍁ site, improved with a single story multi-unit retail building, constructed c. 1915, with a total gross floor area of ±20,380 ⍁.

Date of Valuation: March 1, 2017

Zoning: D-LM-4 Lake Merritt Station Area District Mixed Commercial - 4 Zone.

Property Ownership History:

The most recent recorded transfer of the property was on June 9, 2016. It had been listed for sale on LoopNet during the 1st quarter of 2016 by Brian Ho (415-279-6677) at an asking price of $6,999,000. The sale price was negotiated at $5,900,000 by the buyer (HS Harrison LLC). The property is not currently offered for sale on the market.

Highest and Best Use: Removal of part or all of improvements and replacement with a proposed high-rise mixed use (retail / office / residential) project.

Marketing / Exposure Time: 6-9 months

Indicated Values:

	Premises	*Methodology*	
i.	Market Value As Is:	Sales Comparison:	$3,360,000
		Income Capitalization:	$3,715,000
ii.	Market Value with Primary Upgrade repairs complete:	Income Capitalization:	$5,890,000
iii.	Market Value with Primary & Secondary Upgrade repairs complete:	Income Capitalization:	$6,690,000
v.	Market Value after removal of improvements:	Sales Comparison:	$7,000,000

Concluded Values:

i.	**Market Value As Is:**	**$3,600,000**
ii.	**Market Value: Primary Upgrade repairs complete:**	**$4,730,000**
iii.	**Market Value: Primary & Secondary Upgrade repairs complete:**	**$5,330,000**
v.	**Market Value after removal of improvements:**	**$7,000,000**

2. SCOPE OF APPRAISAL ASSIGNMENT

Client(s):

Fred Daven
Senior Vice President
Pinnacle Red Group, Inc
12 S 1st Street, Suite 1108
San Jose, CA 95113

Intended User(s): Client

Purpose: Form opinion of market value of the subject property under the premises as defined below:

i. Estimated market value of the property in its current condition under best practices management.

ii. Estimated market value after repair of construction deficiencies as defined in the Soundness Report Requirements at the 50% threshold.

iii. Estimated market value after repair of construction deficiencies and maintenance as defined in the Soundness Report Requirements at the 75% threshold.

v. After completion of the proposed demolition or removal.

Intended Use: The intended use of the appraisal report is to assist the client in presenting an application before the City of Oakland Landmarks Preservation Advisory Board, and ultimately the City of Oakland Planning Commission, for a permit to demolish (in whole or in part) the structures on the subject parcels.

Rights Appraised Leased Fee for premises i.- iii.,
Fee Simple for premise v.

Effective Date: March 1, 2017

Special Conditions:

The following special conditions are applicable to the appraisal, and constitute a jurisdictional exception to USPAP insofar as they are based on the requirements of City of Oakland boards and commissions mandating specific requirements for the appraisal.

The four appraisal premises are conditioned as follows:

Appraisal premises i. – iii.:
Assumes continuity of existing use and occupancy in perpetuity at market rents (though subject to existing lease agreements), less costs of necessary repairs and upgrades, rent loss & leasing commissions, depending on the terms of each premise.

Appraisal Premises ii. & iii.:

The value conclusions under these premises are conditioned by the results of a *Soundness Report* as defined by the City of Oakland Demolition Findings for Category II Historic Properties. Building *Soundness* is analyzed in Section G.6.4) (page 31) Under Premise ii. the market value of the property is estimated assuming construction deficiencies identified in the *Soundness Report* requirements are corrected. Under Premise iii. the market value of the property is estimated assuming both construction deficiencies and deferred maintenance identified in the *Soundness Report* are corrected.

With respect to appraisal premises i, ii, & iii, this analysis is subject to an extraordinary assumption that the existing property improvements will continue to be occupied and utilized as retail units indefinitely.

A further, corollary assumption, is that a buyer of this property would expect it to remain economically viable as such, and would complete repairs and upgrades to the property necessary to support continuity of the present use.

Appraisal Premise v.:
Assumes that all property improvements have been removed from the site, and that is vacant and available for new development.

Valuation Methodology: Replacement Cost Approach; limited applicability
Sales Comparison Approach; applicable
Income Capitalization Approach; applicable

The **Replacement Cost Approach** is based on the current cost of reproducing or replacing a property, less loss in value from deterioration and functional or economic obsolescence (accrued depreciation), plus the value of the site, as vacant. This approach is most applicable for proposed new development projects where current, timely and accurate project cost data is available for analysis by the appraiser. Therefore, this approach is deemed not applicable with respect to the overall valuation of the subject property, though is it utilized in analysis of deferred maintenance and necessary upgrades to the improvements.

The **Sales Comparison Approach** is based on the value indicated by comparison with recent sales of comparable properties in the market. This approach is most applicable when there is adequate and reasonably similar market data available for comparison to the subject property. It is employed in this appraisal.

The **Income Capitalization Approach** is based on the value that the property's net earning power will support, based on a capitalization of net income. This approach is most applicable to the valuation of income-producing properties when the typical investor in such properties purchases it to receive future income benefits. It is used in this appraisal.

The appraisal process concludes with a reconciliation of the value indicators developed in the various analyses and a forecast of marketing

	time for an assumed sale as underlies a market value estimate.
Extent of Research & Analysis:	Physical inspection and verification of land and building areas, identification and analysis of applicable land use controls (zoning), analysis of market conditions relevant to the subject property, investigation into relevant market sales of land, analysis of development and construction cost factors and elements of accrued depreciation, investigation and analysis of relevant sales and rentals of improved property, leading to conclusions supporting opinions market value consistent with the four stated valuation premises.
Report Type:	Appraisal Report (USPAP 2.2)

3. IDENTIFICATION OF THE PROPERTY

The subject property is commonly known as 1261 Harrison Street, Oakland, Alameda County, California. Public records and a preliminary title report dated 02/15/2016, provide the following factual data:

Legal Description: See Exhibit A in addenda

Owner of Record: HS Harrison LLC

Flood Map Zone: The property is located in Flood Zone X, "area determined to be outside the .2% annual chance flood plain", on the Federal Emergency Management Agency, Flood Insurance Rate Map 06001C0067G, dated 8/3/2009

Seismic Zone: The property is not within a Special Study Zone as designated by the Alquist-Priolo Act.

Assessed Values & Taxes (2016-2017)

2016-2017 Assessments and Taxes	
Parcel Number	**002-0063-002**
Address	**1261 Harrison St**
Land	1,249,028.00
Improvements	1,678,480.00
Fixtures	$0.00
Personal Property	$0.00
Subtotal	$2,927,508.00
Exemptions	$0.00
Total Assessed Value	$2,927,508.00
Ad Valorem Tax Rate	1.3508%
Ad Valorem Taxes	$39,544.76
Assessments	$2,849.52
Total Taxes	$42,394.28

4. LIMITING CONDITIONS AND ASSUMPTIONS

A. General

This appraisal investigation and analysis is communicated in an Appraisal Report, as defined and regulated under Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2016. Extensive background data, reasoning and analyses developed in the appraisal process for this assignment are not necessarily included in this summary report. Supporting documentation is retained in the appraisal files of Yovino-Young, Incorporated.

The information contained in this report is specific to the requirements of the named client and for the intended use stated in this report. The appraiser is not responsible for the unauthorized use of this reporting document by any third party unless prior consent is obtained.

The estimates of value and supporting conclusions presented in this appraisal represent our personal, unbiased and professional analysis of the valuation issues and objectives addressed in this assignment. These opinions and conclusions are subject to certain limiting conditions and assumptions as set forth in this section of the report.

Except as may be set forth as the specific purpose of this study, or, as special conditions stated elsewhere in this document, this appraisal is of an assumed marketable, Leased Fee interest to the property, free of debt obligations, liens, encumbrances, or any other restrictions affecting title, ownership or use of the property or properties in question. No representation is made or implied as to the actual conditions of title, ownership or encumbrances, or matters legal in nature.

Utility of the property is assumed to be restricted only by normal zoning, publicized governmental laws and governmental controls, and its use under responsible ownership and adequate management.

The appraiser does not survey the property. All statements describing parcel boundaries, dimensions, topography, utilities, and other descriptive physical information have been obtained from available official county maps and records or references as otherwise identified. The appraiser may recognize the need for and recommend the employment of other experts, but will not render an expert opinion which may require engineering expertise as to structural conditions, soil composition, site stability or geotechnical characteristics of the property.

All statements of fact and data gathered from others for this appraisal are from sources deemed correct and reliable, and verified when possible to do so, but in no sense can they be guaranteed. Should disclosure subsequent to this appraisal indicate errors or omissions that may alter the conclusions and opinions expressed herein, the authors reserve the right to review the same and prepare an addendum setting forth the corrected facts and their effect, if any, on the original appraisal.

Under certain assumptions for special valuation problems, estimated values of limited interests and/or portions of a property need not, when combined, accurately state or coincide with the value of the property in its entirety.

B. As Is Condition

The property is appraised in its as is condition as of the date of valuation unless otherwise indicated elsewhere in this report, or specified under Special Conditions. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable.

C. Special Limitations: Only Properties With Public Access

The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraisers signing this appraisal document have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the requirements of the ADA. The reader should be aware that if a compliance survey revealed non-compliance with one or more requirements of the Act, that a negative effect upon the value of the property might result. Unless otherwise stated in this document, we have no direct evidence relating to this issue and did not consider possible non-compliance with ADA in estimating the value of the property.

D. Special Limitations: Possible Impairment By Hazardous Contamination

Unless otherwise stated in this report, the existence of hazardous substances, including, without limitation, asbestos, polychlorinated biphenyls, petroleum products, urea formaldehyde, agricultural chemicals, or other adverse environmental conditions which may or may not be present on the property, were not identified to the appraiser, nor did the appraiser become aware of such conditions during the appraiser's inspection.

The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated and is not qualified to test for such substances or conditions. The presence of such hazardous materiels or environmental conditions might effect the value of the property. Therefore, the value estimate in this appraisal is predicated upon the assumption that there is no such adverse conditions on, in or under the property, or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field of environmental assessment on real estate, if subsequent investigation reveals their existence.

E. Reservation of Authorship Rights

All rights to this report are reserved, including the right to reproduce or to publish in whole or in part, it being understood that this report may be a portion of the services being rendered and the client may use the report incident to the specific purposes stated herein for the appraisal, without further conveyance to the public or unnamed third parties of the value conclusion, identity or the professional designations of the author unless prior written consent is obtained.

F. Confidentiality Statement

Appraisers who are signatories to this report and certification statement are dedicated to upholding the confidentiality of the appraiser-client relationship regarding the disclosure of personal, financial or other information provided the appraiser that has been identified by the client as

confidential under the definitions provided in the Ethics Rule of the Uniform Standards of Professional Appraisal Practice, and/or identified in the Gramm-Leach-Bliley Act of 1999.

G. Limitations on Obligation to Perform Services

Submission of this appraisal constitutes full completion of the requested service and does not obligate the author to any subsequent consultation, services prerequisite to a legal action, or testimony in a deposition or trial, unless specific arrangements are made prior to the rendering of such services.

H. Special Conditions

The following special conditions are applicable to the appraisal, and constitute a jurisdictional exception to USPAP insofar as they are based on the requirements of City of Oakland boards and commissions mandating specific requirements for the appraisal. The four appraisal premises are conditioned as follows:

Appraisal premises i. – iii.:
Assumes continuity of existing use and occupancy indefinitely at market rents (though subject to existing lease agreements), and completion of necessary repairs and upgrades, less rent loss & leasing commissions, depending on the terms of each premise.

Appraisal Premise v.:
Assumes that all property improvements have been removed from the site, and that is vacant and available for new development.

With respect to appraisal premises i, ii, & iii, this analysis is subject to an extraordinary assumption that the existing property improvements will continue to be occupied and utilized as retail units in definitely. A further, corollary assumption, is that a buyer of this property would expect it to remain economically viable as such, and would complete repairs and upgrades to the property necessary to support continuity of the present use.

5. DEFINITION OF MARKET VALUE

Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale; the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;

2. both parties are well informed or well advised and each acting in what he or she considers his or her own best interest;

3. a reasonable time is allowed for exposure in the open market;

4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements compared thereto;

5. the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: (12 F.C.R. Part 34.42(g) 55 Federal Register 34696. August 24, 1990, as amended 57 Federal Register, April 9, 1992, Federal Register 39499, June 7, 1994. This source for the above definition is cited in the Dictionary of Real Estate Appraisal, Fifth Edition, The Appraisal Institute, page 123.

6. DESCRIPTIVE DATA

A. San Francisco Bay Region

The San Francisco Bay region consists of nine counties which surround San Francisco and San Pablo Bays. Its highly diversified physical features and mild climate allow for a wide range of industry and lifestyles and contribute to a desirable living environment. Economically, the region is similarly varied, although there has been a marked shift from manufacturing to service industries, principally high-tech related, over the last few decades. This diverse economic base has proved itself relatively resilient during recessionary periods, most recently experienced in 2008-2010, though the recovery was slower in areas of the region outside where of high-tech related industries are concentrated. Governmental regulation of land use is enacted at the municipal and county levels, although there is a well-established research and advisory body, the Association of Bay Area Governments (ABAG), which has been in existence since 1961. The population of the region as of 1995 was over 6,400,000, and having grown at a compounded annual rate of ±1.4% since 1980. The current population of the region (as of 2015) is 7,654,870, reflecting a lower compounded rate of growth over the last fifteen years of ±.81%.

The U.S. Census Bureau estimates the population of the nine-county Bay Area as of the end of 2013 as follows:

Nine county San Francisco Bay Area population

County	2015 Estimate	2010 Census	Change
Santa Clara County	1,918,044	1,781,642	+7.66%
Alameda County	1,638,215	1,510,271	+8.47%
Contra Costa County	1,126,745	1,049,025	+7.41%
San Francisco	864,816	805,235	+7.40%
San Mateo County	765,135	718,451	+6.50%
Sonoma County	502,146	483,878	+3.78%
Solano County	436,092	413,344	+5.50%
Marin County	261,221	252,409	+3.49%
Napa County	142,456	136,484	+4.38%
Total	7,654,870	7,150,739	+7.05%

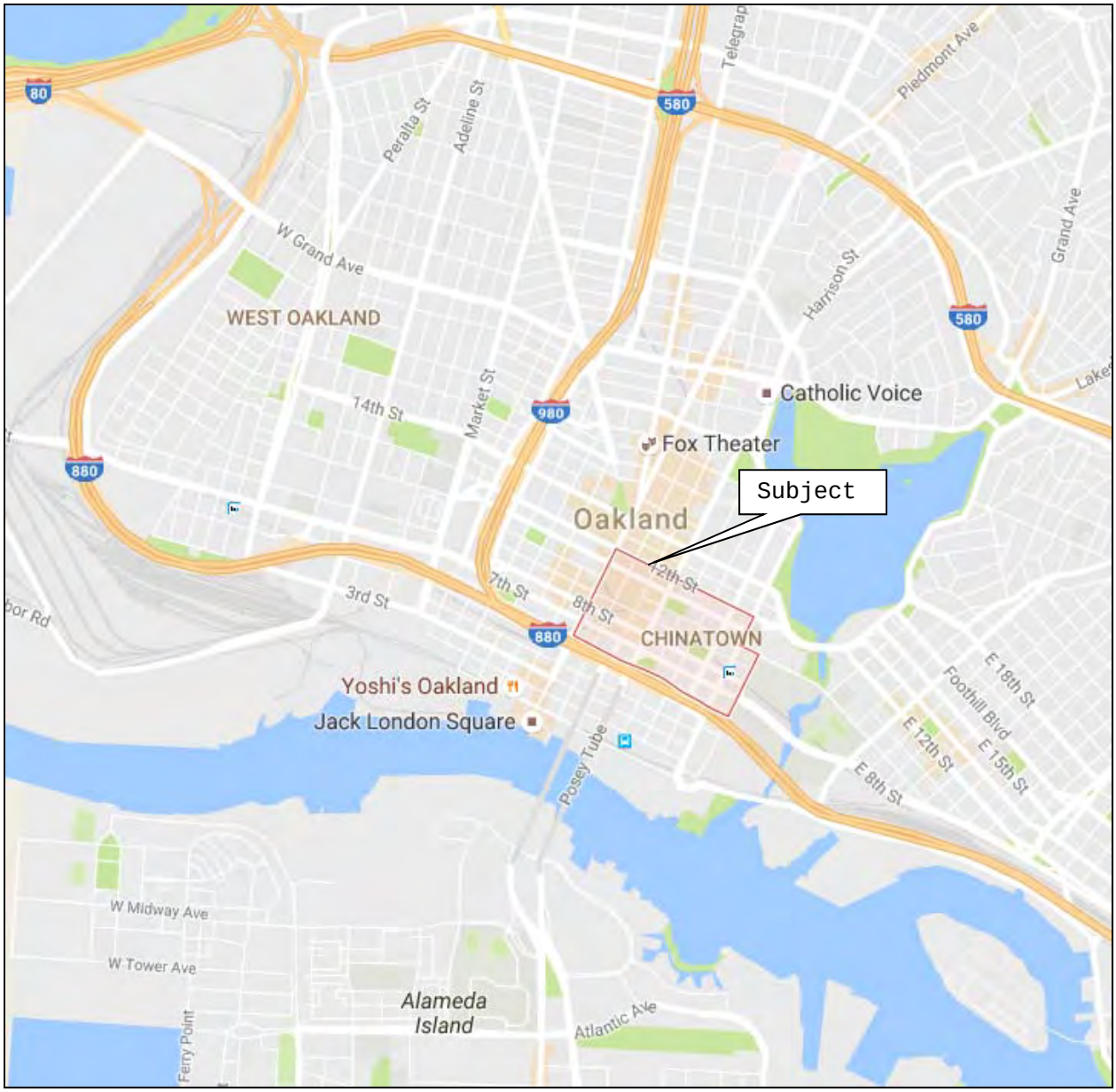
B. Alameda and Contra Costa Counties

The immediate sub-regional context for the subject property is the East Bay which includes Alameda and Contra Costa Counties, although the location of the property is within the daily commute sphere of San Francisco, the central economic locus of the Bay region. The East Bay counties encompass intensively developed inner urban areas immediately adjoining San Francisco Bay, and bordered on the east by low-lying hills paralleling the shoreline from Richmond to Fremont. Outlying suburban areas consist largely of residential communities, although there are several service oriented employment centers along the Hwy. I-680 corridor. The East Bay is developed with an extensive freeway network, rail services, Oakland International Airport, and is served by the Bay Area Rapid Transit District (BART) and regional bus services. As well as the University of California campus at Berkeley, there are several other colleges and universities in the East Bay and numerous cultural recreational resources. The total population of these two counties as of 2015, was ±2,764,960 with Alameda County accounting for ±1,638,215, with its largest city, Oakland, also the county seat.

C. City of Oakland

The City of Oakland is a large, economically diverse, and demographically complex community, which encompasses approximately 78 square miles rising from the east shore of San Francisco Bay to the crest of the East Bay hills. The city has 19 miles of bay front coastline. Oakland is the largest and most established of the East Bay cities, and has a current estimated population of just under 400,000 people, (based on 2010 Census). It is the third largest city in the Bay Area, and the eighth largest city in the state, comprising about 27% of residents of Alameda County. Due to an economically diverse population, median household income for Oakland is in the lower 50% of East Bay communities at ±$49,700. The city benefits from immediate access to rail, air, sea, freeway and bus service to all major employment and residential centers of the vibrant Bay Area economy.

Historically, Oakland supported a large manufacturing base, which grew out of the industrial development period during and after WWII. Much of this industrial infrastructure is now obsolete, and is slowly being converted to more intensive uses, including industrial R&D, as well as office, residential and retail. Services now represent the predominant employment sector category in Oakland; seven of the top 10 employers in the City are government agencies, school districts, medical centers, or utility companies. The others include airlines operating out of Oakland International Airport. Oakland has a labor force of ±180,000, of which ±60,000 workers are based in the central business district.



A steady influx of immigrants during the 20th century, including thousands of war industry workers who relocated to the City during the 1940s, have made Oakland one of the most ethnically diverse major cities in the country. Oakland is known for its history of political activism, as well as its professional sports franchises and major corporations, which include health care, tech companies, and manufacturers of household products. The city is a transportation hub for the greater Bay Area, and its shipping port is the fifth busiest in the United States.

Oakland has a Mediterranean climate with an average of 260 sunny days per year. Lake Merritt, a large estuary centrally located east of Downtown, was designated the United States' first official wildlife refuge. Jack London Square, named for the author and former resident, is a tourist destination on the Oakland waterfront.

Although Oakland has gained a reputation for a greater than average incidence of crime, much progress has been made in improving these conditions. In the last five years, all forms of violent crime have declined dramatically, along with steady declines in property crime. Oakland is continually listed among the top cities in the United States for sustainability practices, including a No. 1 ranking for usage of electricity from renewable resources.

In recent years, Oakland has gained national recognition as a travel destination. In 2012, Oakland was named the top North American city to visit, highlighting its growing number of sophisticated restaurants and bars, top music venues, and increasing nightlife appeal. Oakland also took the No. 16 spot in "America's Coolest Cities," ranked by metrics like entertainment options and recreational opportunities per capita.

According to the City's 2015 Comprehensive Annual Financial Report, the top 10 employers in the city are:

#	Employer	# of Employees
1	Kaiser Permanente	9,992
2	Oakland Unified School District	6,637
3	County of Alameda	5,312
4	City of Oakland	3,352
5	Bay Area Rapid Transit	3,210
6	State of California	3,169
7	Children's Hospital Oakland	2,800
8	Alameda Health System	2,300
9	United Parcel Service	2,200
10	Southwest Airlines	2,113

Population, Employment and Income

The following table summarizes certain salient demographic indicators for the City, Region, State and Nation. (Source: ABAG, Census Bureau, Bureau of Labor Statistics).

Sites	City of Oakland	Alameda County	SF Bay Area	California
Median Age	36.2	37.4	38.6	35.7
Median Household Income	$49,721	$74,221	$75,989	$60,883
Average Family Income	$56,926	$92,746	$90,220	$69,332
Average Household Size	2.49	3.30	2.69	2.9
Unemployment Rate	5.5%	4.5%	3.4%	6.3%
Median Home Value	$528,600	$553,657	$720,500	$393,000
Population Age 25+: Bachelor's Degree (%)	20.60%	24.69%	25.62%	19.56%

The unemployment rate in Oakland, CA, was 7.8% in March of 2015, which is a dramatic decrease since 3rd quarter 2012, when it was over 16%. As of April June 2016, the job growth had resulted in a decrease to 5.5% in Oakland. Future job growth over the next ten years is predicted to be 18.46% (per decade), or 1.85% annually.

D. Subject Property Location

.

The subject is generally located within what has been historically considered the Central Business District (CBD) of Oakland, and is also within what is broadly consider Oakland’s Chinatown. This setting is on edge of Chinatown and downtown, in area which is not in high demand for retail space, although demand for office space market is strong throughout the downtown area.

As has happened in most other large cities in the nation, the once thriving retail businesses formerly located in this district have left the area in great numbers, leaving greater than average vacancies. Broadway and Telegraph Avenue, particularly the section between 12th Street and 20th Street, was considered a prime retail location in the Oakland CBD until the mid-1950s. For some 20 years the City of Oakland negotiated with various

national developers of retail centers with the intent of bringing a proposed major shopping complex to the city, without success. During the same period, however, several major, class A, high-rise office buildings were constructed in downtown Oakland, primarily in two areas: the City Center and the Kaiser Center.

The subject is on the northern periphery of Oakland's Chinatown district which is officially comprised of the nine blocks bounded by 11th and 7th Streets on the north and south, and Harrison Street and Broadway on the east and west. However, Chinatown's geographical definition changes over time, and the visible concentration of Asian oriented businesses has extended to the north and east as far as 14th Street and Jackson Street. However, the center remains anchored by several large residential projects. This neighborhood addresses the needs of Oakland's Asian community, with many retail stores and restaurants. In the meantime, the larger Asian community has expanded into east Oakland neighborhoods along International Boulevard, and is quite diverse, representing a variety of nationalities and cultural traditions. As previously noted, two BART stations are within walking distance and bus service is available throughout Oakland and beyond.

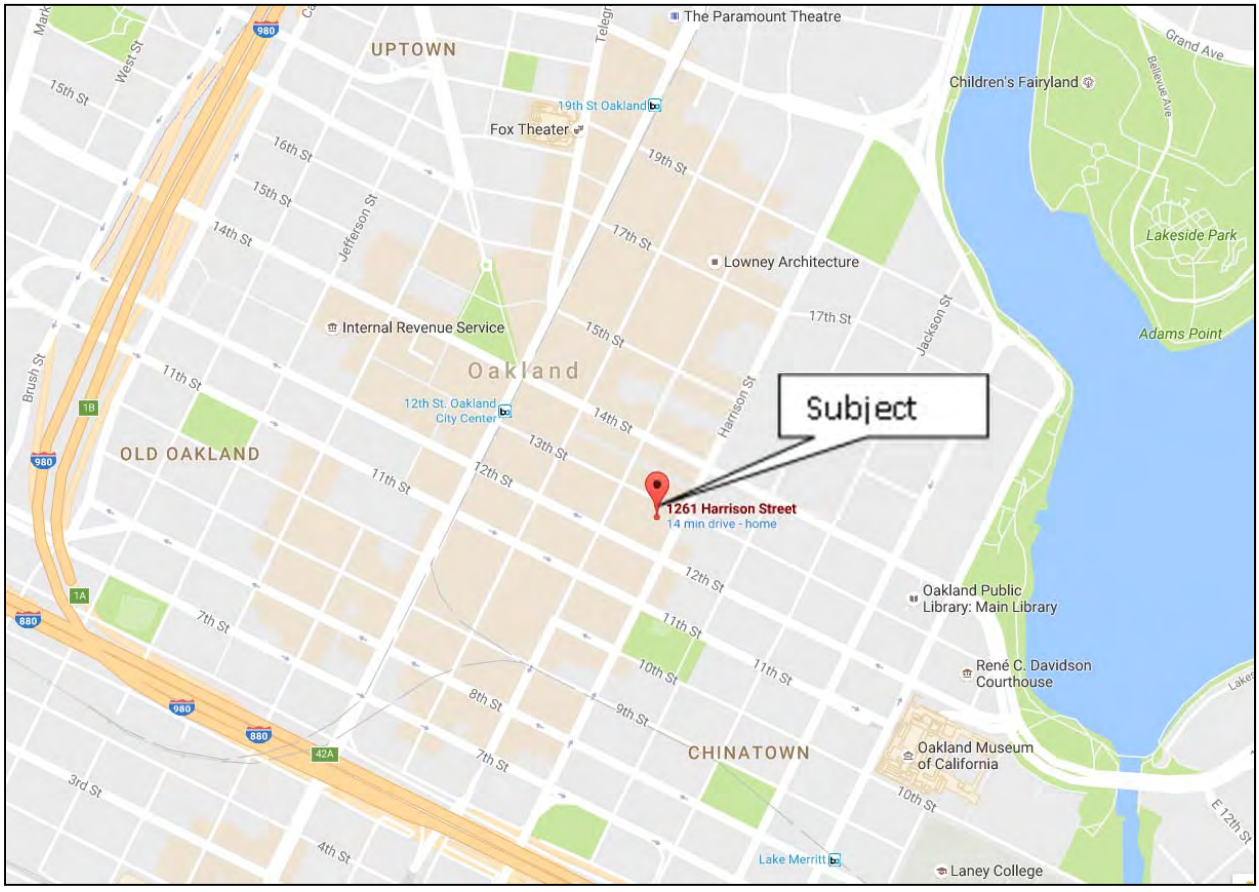
Real estate trends and values are affected by the tendency toward social and geographical concentration favored by this community in which there is a significant percentage of immigrant and first generation families. Oakland's Chinatown area serves as a cultural and business center for the wider Bay Area Asian community, and business patronage is very strong on weekends when those more widely dispersed visit for social and business purposes. The concentration of familiar service businesses with close proximity to large residential projects makes this a sought after retirement location for elders, as well as an attractive option for younger couples seeking starter homes. Thus, this location appeals to those from a much wider audience than the local (Oakland) community to include the whole of the San Francisco Bay Region as well as US cities on the West Coast, and other Pacific Rim countries.

This district is still within the Central Business District of the City of Oakland. It is a sector that is characterized as a slightly less intensely developed primary CBD location. The main office and commercial district is three short blocks west at Broadway, and the County offices and court buildings four blocks southwest.

The property is situated on the south-west corner of 13th and Harrison Streets. The surrounding properties are mostly three to six stories in height, generally reflecting development patterns of the early 1900s. The subject is directly across the intersection from the Oakland Hotel, an attractive historic building with nine-stories that serves as a senior

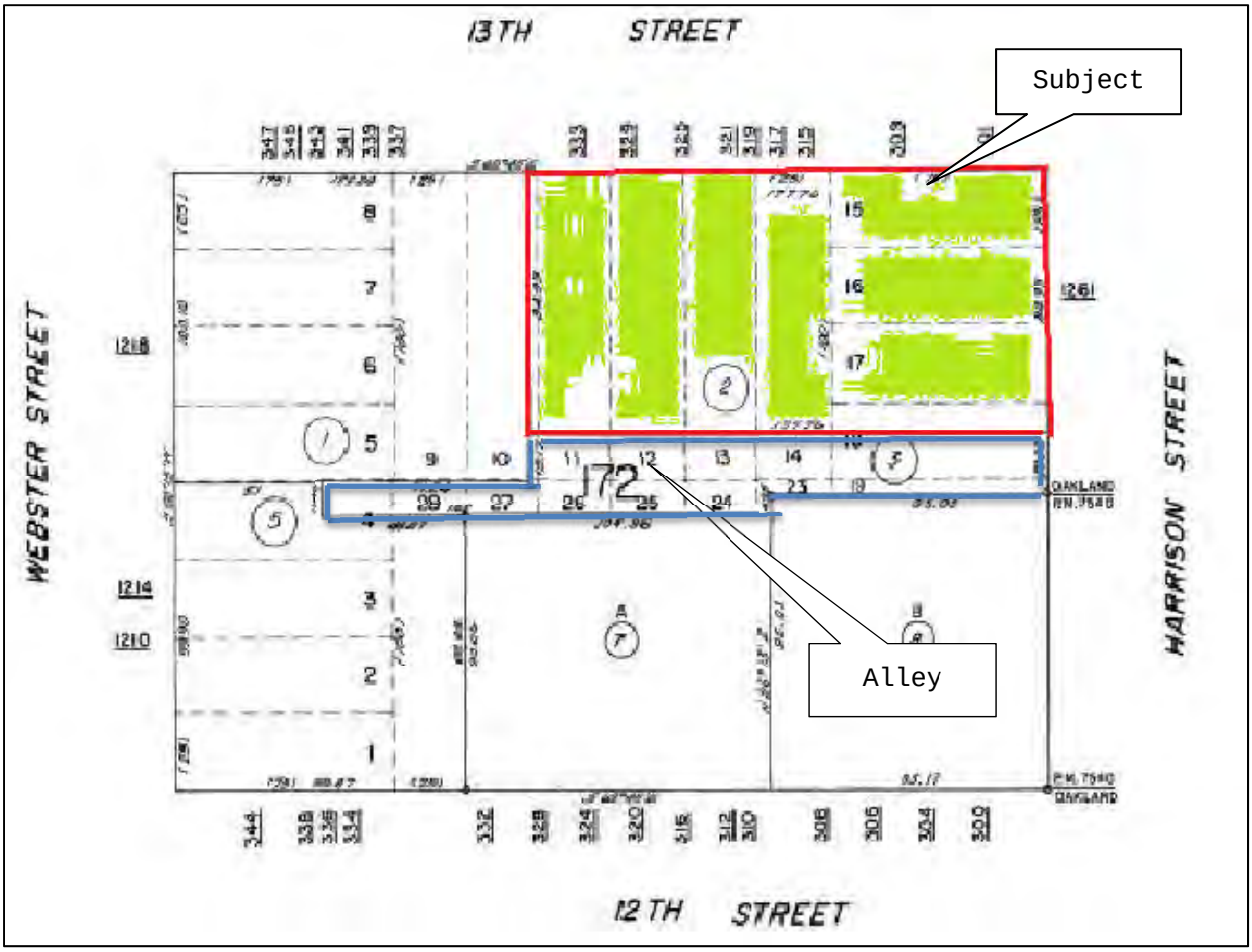
residential community. Directly across Harrison Street is the Frank G. Marr Community housing project, a 4-7 story 119 unit affordable housing project constructed in 1990.

The subject is a three blocks east of Broadway, Oakland's main thoroughfare with rapid transit and City offices. Interstate 880 is located seven blocks to the west with direct access provided by various east/west streets. Lake Merritt Park is five blocks east. Freeway access to and from Interstate 980 is ±8 blocks west at 12th Street, and access to Interstate 880 is ±8 blocks south at Oak Street. Access to transportation is excellent, as the 12th Street BART station is within four blocks from the subject.



E. Subject Site

The property consists of a single rectangular corner parcel, fronting on the west side of Harrison Street for ±84.93 feet, and along the southerly side of 13th Street for ±177.76 feet. It contains a total area of ±15,097 ⍁. The topography is level. The property backs on an alley way which extends from Harrison Street westward from about mid-block on Harrison Street and varies in width from ±20 feet to ±25 feet. The alley is under separate ownership from the subject, and is subject to a non-exclusive access easement benefitting all adjacent parcels. The rights conveyed in the grant of easement included access and incidental loading/unloading, but prohibit parking on the easement area.



Alley Parcel

The alley consists of a single mid-block parcel which is a paved, privately controlled access road fronting on the west side of Harrison Street for ±20.06 feet, about mid-way between 12th and 13th Street, and extending westerly to ±51 feet east of Webster Street. The parcel has a maximum depth of ±429 feet, varies in width from ±11.46 feet and ±26.63 feet, and contains a total of ±4,757 square feet (☑). The alley is under the same ownership as two other parcels on the block, one of which 1218 Harrison Street (APN 002-0063-005) is adjacent to the subject.

In 1944, when the alley was also under the same ownership as 1218 Webster Street, an appurtenant easement was recorded, encumbering the subject property in favor of 1218 Webster Street. The easement(s) and other relevant conditions and factors are summarized below:

Parcel One: Wall Easement:
Reserving right to use the north/south wall between 1218 Webster St and 1261 Harrison Street (APNs 002-0063-001 & 002-0063-002, respectively) for use, including enclosure and support of the structures and activities within each structure/property, including various conditions and limitations.

Parcel Two: Access Easement
Easement is appurtenant to 1218 Webster Street (APN 002-0063-001)

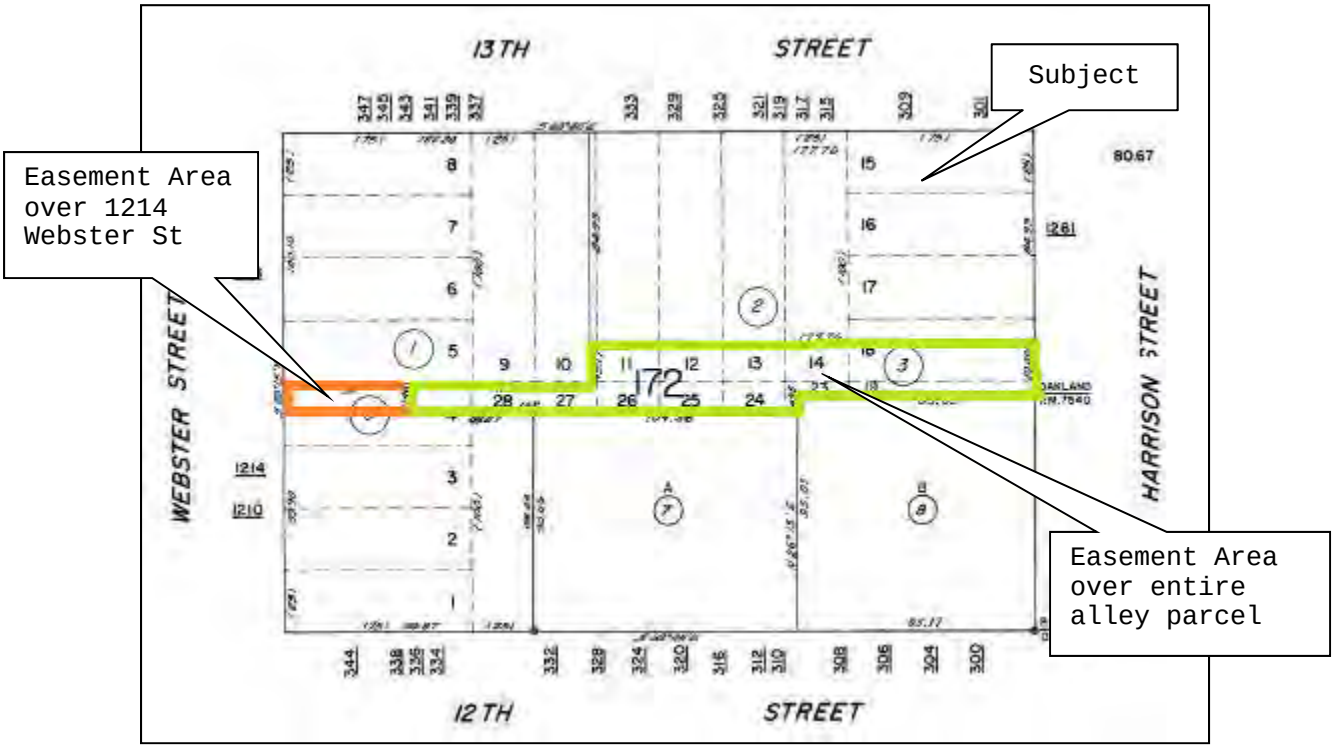
The easement directly encumbers two parcels:

1) APN 002-0063-003.
This is the alley way parcel, consisting of a single parcel fronting on the west side of Harrison Street for ±20.06 feet, about mid-way between 12th and 13th Street, and extending westerly to ±51 feet east of Webster Street. The parcel varies in width from ±11.46 feet and ±26.63 feet, and contains a total of ±4,757 square feet (☑).

2) APN 002-0063-005 aka 1214 Webster Street
This parcel is fully improved with a zero lot line two-story building. At its northwesterly corner, the easement area extends westerly from (1) for an additional ±51 feet, where it fronts on Webster Street for ±11.46 feet, The easement area is improved with a paved driveway passing under the 2nd story of the building.

Thus, the defined easement area extends beyond the legal definition of the subject property to encompass ±584 ☑ of 1214 Webster Street; (2) above, in order to create a continuous passage way through the block from Harrison

Street to Webster Street. Within 1214 Webster Street, the distance from the pavement to the ceiling of this passage is 10’-7”; the clear height between the pavement and various obstructions above is approximately 9 feet.



The width of the easement area within the passage is ±11.46 feet. The clearance between the two side walls is 10 feet. A ±2 foot high barrier each side of the passage protects various gas and electric utility service entries and meters installed on the side walls. The resulting maximum effective driveway width is 6’ 10”. Whether any or all of these conditions represent an encroachment on the easement area, and whether such encroachment would be curable, is not addressed here.

The easement rights conveyed in (1) and (2) are for a “non-exclusive easement for driveway and pedestrian purposes and light and air”

The easement rights conveyed are further qualified as follows:

“Said easement ***shall be used in common with the owners of property adjacent*** thereto, and at no time shall any vehicle be parked thereon, except to discharge persons or things and further, that no vehicle shall be driven over said easement except in a westerly direction”.

Further limitations include restriction of access when “gates at either end may be locked”, provided a key is available for emergency access, and further remedies and procedures for curing misuse (parking), including termination of access rights.

The physical circumstances present within the easement area where it crosses the property at 1214 Webster Street (APN 002-0063-005) effectively prevent vehicular traffic from traversing this portion of the easement. Therefore, with few exceptions, vehicles entering the alley way at Harrison Street need to back out, or complete an awkward turn around maneuver to exit the alley (on Harrison Street)

Conclusion

Following from the provisions defining the stated rights of access defined in the grant of easement, and the reference to limitations on access by gating at both ends of the easement area, I conclude that the easement rights conveyed represent a private (not public) non-exclusive right of way for access and incidental transfers of people and things, and light and air. However, the owner of 1218 Webster Street, as the original grantor of the easement, retains the right to enforce terms of the easement, and could ultimately, terminate (for cause) easement rights of adjoining properties.

The existence of the alley way, and the established easement rights, benefit of all adjacent properties, and create a value enhancement insofar as rear access to commercial properties enhances their utility by providing an alternative ingress and egress for people and goods to and from the property(s). However, this enhancement is compromised by the physical restrictions at the westerly end of the easement area which prevent most drive through access directly from Harrison Street to Webster Street.

F. Zoning

The property is zoned D-LM-4 Lake Merritt Station Area District Mixed Commercial - 4 Zone. *"The intent of the D-LM-4 Zone is to designate areas of the Lake Merritt Station Area Plan District appropriate for a wide range of Residential, Commercial, and compatible Light Industrial Activities.."*. The major features of the ordinance are summarized as follows:

Approval Processes	Design Review required. Conditional Use Permit required to apply for increase in Height/Bulk standards and Maximum Tower Height. One such change is permitted among the "opportunity sites" identified within the LMSAP district that are east of the Lake Merritt Channel.	
Land Use	Multi-unit Residential, Civic and Commercial uses, retail/commercial uses.	
Lot Minimum Requirements	Width Frontage Size Setback Front Setback Rear Height/Bulk Area	25 feet 25 feet 7,500 ☑ 0 feet 0 feet LM-85
Building Requirements	Minimum Ground Floor Height Minimum Storefront Width Max Units/Acre Max Units/Acre with CUP Max FAR Max FAR with CUP Max Building Base Height Max Building Height Max Building Height w/CUP Tower: Max Length Max Diagonal Length Min Distance btwn Towers (Tower dimensions, floor plates may be increased by 30% with CUP)	15 feet 15 feet 194 396 5 12 45 feet 85 feet 175 - 275 feet[4] 150 feet 180 feet 50 feet.
Parking Requirements	Multi-Unit Residential	3/4 space per Unit

[4] A limited number of exceptions to the building height limit are permitted.
For the 175 foot height limit five buildings total (2 on east side and 3 on west side of Lake Merritt Channel);
For the 275 foot height limit three buildings total (1 on east side and 2 on west side of Lake Merritt Channel)

G. Improvements

1) General

The property is improved with a single story retail building demised into 10 separate premises, originally constructed in 1916. The ceiling clearance is ±17 feet, and most units have mezzanine levels. These vary in size, functionality, and degree of finish. The building floor areas are determined based on measurements by *Precision Property Management*, dated 10/24/16. These measurements differ from floor area total cited by the Alameda County Assessor, but are considered the most accurate available, and are used to generate the total floor area, and individual unit areas.

The building components are described as follows:

ITEM	DESCRIPTION
Foundation	Concrete
Frame	Unreinforced masonry load bearing walls and internal non load bearing wood framing.
Roof	Built up composition covering. There are 27 skylight openings built into the roof; currently, only one is uncovered.
Exterior Walls & Trim	Load Bearing masonry and terra cotta tile
Windows	Glazed storefronts at street frontages with arched multi-pane metal sash clerestories above.
Interior Walls	Wood frame with plaster or drywall partitions
Floors	Concrete with laminate or carpeted floors. Tile or vinyl in restrooms/kitchens
Insulation	Unknown
HVAC	Some units have suspended forced air units, 317 13th Street (occupied by bakery) has three ventilation and HVAC units on roof. Other units have window mounted units.
Electrical	Distribution updated. Service appears adequate for current occupancy
Plumbing	One to two restrooms per unit. One commercial kitchen (in bakery unit)
Fire Equipment	None
Parking	None

Access	Access off street frontage. 8 units have rear access to alley way
Areas	Site Area: ±15,097 SF Floor Area: Ground Level ±14,780 sf Mezzanine Level ± 5,600 sf Total Area ±20,380 sf

2) Individual Units

The individual units are summarized and described as follows:

Suite No.	Ground Floor	Mezzanine SF	% Unit SF	Total SF	% Total
1261 Harrison St	1,331	434	25%	1,765	9%
1269 Harrison St	1,045	73	7%	1,119	5%
301 13th St	2,090	476	19%	2,566	13%
315 13th St	1,443	890	38%	2,332	11%
317 13th St	1,470	440	23%	1,910	9%
319 13th St	1,469	1,036	41%	2,506	12%
323 13th St	1,487	492	25%	1,979	10%
325 13th St	1,470	659	31%	2,130	10%
329 13th St	1,487	0	0%	1,487	7%
333 13th St	1,487	1,099	42%	2,586	13%
	14,780	5,600	**27%**	**20,380**	**100%**

1261 Harrison St Floor Area (sf): 1st Level 1,331 Mezzanine 434 Total: 1,765	Tenant: Guang Nan & Quan Qin Shi Occupancy: Religious Assembly Painted partitions, vinyl tile and laminate wood floors o/concrete. Carpet o/subfloor on small storage mezzanine. One restroom and kitchen. Attached fluorescent and recess incandescent lighting. Single restroom

(continued)

1269 Harrison St Floor Area (sf): 1st Level 1,045 Mezzanine 73 Total: 1,119	Tenant: Connie M Chan & Christine Yuet Wong Occupancy: Florist Painted partitions, floors: vinyl tile and carpet o/concrete. Carpet o/subfloor on small storage mezzanine. One restroom. Attached fluorescent lighting. Unit spans 1 – ¼ bays. 8x8 cooler in front. Two restrooms
301 13th St Floor Area (sf): 1st Level 2,090 Mezzanine 476 Total: 2,566	Tenant: Mandy Lam Occupancy: Retail gifts and seasonal decorations Corner unit, largest in building - spans 2 x 3 bays. Small mezzanine storage. Vinyl tile floor, acoustical ceiling tile, attached fluorescent fixtures, one restroom
315 13th St Floor Area (sf): 1st Level 1,443 Mezzanine 890 Total: 2,332	Tenant: VACANT Occupancy: Vacant Painted partitions, wood laminate flooring. Partial finished mezzanine, one restroom on each level, kitchen on main level, attached fluorescent lighting.
317 13th St Floor Area (sf): 1st Level 1,470 Mezzanine 440 Total: 1,910	Tenant: Sandy Wong & Jack Tu Occupancy: Bakery Rear storage mezzanine, shop has vinyl flooring, suspended acoustic ceiling and recessed fluorescent and incandescent track lighting fixtures. Commercial kitchen has quarry tile floors (with drain), double sink, walk-in cooler. One restroom.
319 13th St Floor Area (sf): 1st Level 1,469 Mezzanine 1,036 Total: 2,506	Tenant: Fei Xiong Oin Occupancy: Variety store Painted partitions, mezzanine storage, wood laminate flooring. One restroom and kitchen on main level, attached fluorescent lighting.
323 13th St Floor Area (sf): 1st Level 1,487 Mezzanine 492 Total: 1,979	Tenant: Joana Tam Occupancy: Hair salon Painted partitions, vinyl tile flooring. One restroom, kitchen on main level, attached fluorescent lighting.
325 13th St Floor Area (sf): 1st Level 1,470 Mezzanine 659 Total: 2,130	Tenant: VACANT Occupancy: Vacant Painted partitions, carpet o/concrete, or subfloor on mezzanine. Three restrooms, three private offices several rooms demised on mezzanine. Attached fluorescent and recessed incandescent lighting.
329 13th St Floor Area (sf): 1st Level 1,487 Mezzanine 0 Total: 1,487	Tenant: Xue Qiong Hung & Zhuoqin LI Occupancy: Retail Painted partitions, carpet o/concrete, or subfloor/ No mezzanine. One restroom, one private office. Attached fluorescent and recessed incandescent lighting.
333 13th St Floor Area (sf): 1st Level 1,487 Mezzanine 1,099 Total: 2,586	Tenant: VACANT Occupancy: Vacant Painted partitions, wood laminate flooring. Finished mezzanine. One restroom per level, several demised rooms demised, kitchen, attached fluorescent lighting.

3) Condition of the Improvements

In the course of the on-site inspection, the observed cosmetic condition of the building ranged from above average to fair. Some areas of the interior were inaccessible due to intensive storage of goods. In addition to a physical inspection of the property, several professional inspection reports and cost estimates were reviewed:

T.C. Consulting, Fire and Life Safety Inspection, dated April 18, 2017
This report details numerous hazards observed on site throughout the building including excessive use of extension cords, improperly installed electrical wiring which appears to have been done without permits, and unrepaired wall penetrations. Further, excessive and unsafe storage was noted throughout. Also observed was evidence of improper occupancy (sleeping rooms), and kitchen facilities utilizing (in some cases) bottled gas, and without proper ventilation. The report recommends immediate correction of these conditions in cooperation with local building officials.

SpottCheck Consulting and Inspection Services, dated 3/21/17
This report reiterates, and documents in detail, the same observations and findings of the T.C. Consulting report (above). It also includes reports of building permit records on a unit by unit basis. In particular, the fire hazard due to the “fuel load” of excessive storage is noted. The report recommends termination of current occupancies until existing conditions are remedied.

Adanta, Phase I Environmental Site Assessment, dated 3/10/2016.
This report recommends no further investigation or environmental assessment as of the effective date.

VBA Inc, Hazardous Material Inspection Report, dated 12/21/2016
This report concludes that materials sampling on the interior and exterior of the building indicates that the presence of asbestos and lead will require specialized handling techniques by qualified personnel in the case of future remodeling or demolition of the building.

Simpson Gumpertz & Heger Inc., Seismic Retrofit Project, dated 3/20/17.
This report details structural deficiencies in the building from a seismic standpoint, recommends a program of upgrades to bring the structure it into conformance with the Limited Performance Objective for Existing Buildings as defined in ASCE 41-13 Seismic Evaluation and Retrofit of Existing Buildings, and includes a scope of work and cost estimate developed by T*bd Consultants*. The report concludes that although a seismic retrofit was completed in 1995, the structure remains vulnerable to a seismic event, and does not meet

current standards of earthquake resistance for unreinforced masonry buildings.

The cost estimate to bring to structure into conformity with minimal standards is $3,315,104, exclusive of an owner's construction contingency and the following additional factors:

- Land acquisition, feasibility, and financing costs
- All Owner soft costs.
- All professional fees and insurance.
- Site or existing condition survey investigation costs.
- Hazardous materials inspection costs, or accomodations in construction for hazardous materials.
- Construction or occupancy phasing (current assumption is a single construction phase in a vacant building).
- Permits and fees.
- Seismic upgrades to existing MEP systems (bracing, flexible pipe installations etc

In addition, the following contingencies are also excluded:

- Modifications to the scope of work subsequent to the preparation of this estimate
- Unforeseen existing conditions
- Compression of planned construction schedule (current assumption is approx. 6 months+ duration)
- Special requirements for site access, off hour work or phasing activities
- Special requirements for site access, off-hour work or phasing activities
- Sole source specifications for materials, products or equipment
- Bid approvals delayed beyond the anticipated project schedule

TBD Consultants, Renovation Project, dated 3/21/17

This report and cost estimate deals with renovation of the existing structure and MEP systems, but does not include accessibility upgrades or other code-required improvements. Cosmetic upgrades include only interior paint, and exterior surfaces. The scope of the renovation aims to correct basic deficiencies, but not to reconfigure the interior. No roof work is included. Exclusions are generally similar to those (above) for the Seismic Retrofit Project. The total cost as developed by *Tbd Consultants is* $4,098,487.

The total estimated costs (per TBD Consultants) to correct structural deficiencies and complete a building renovation consistent with market oriented management of the existing property assuming best practices, would

be $7,413,591). In consultation with Pinnacle RED Group, the proposed project developer, the costs excluded by TBD were estimated as follows:

Renovation, Repairs and Upgrades

Renovation		$4,098,487
Seismic Upgrade		$3,315,104
Total Construction		$7,413,591
Developers Contingency	8%	$593,087
Insurance		$16,000
Rent Loss		$290,415
Permits/Fees		$85,000
Subtotal		$8,398,093
Development Management Fee	5%	$419,905
Total Renovation and Upgrade Costs		**$8,817,998**

The seismic upgrade and renovation projects, when adjusted to account for excluded factors, indicate a cost per square foot of building area of approximately $433/sf.

This index could be in excess of what it would cost to construct a similar new structure on the site. Construction costs have trended upwards at ±4% per year since 2012 according to Marshall and Swift and Turner Construction. However TBD Consultants' bid index, which measures bid prices for a specific project design, rather than generic materials pricing, has shown 10% average annual growth in pricing for the San Francisco Bay Area market over the last four years. This reflects the extremely tight construction market in this region in which contractors have a significant advantage. TBD reports that under these conditions, not all projects are financially feasible.

As of the date of value, absent any of the rehabilitation and repairs discussed above, I estimate the remaining economic life of the existing improvements to be a maximum of 20 years. If the above outlined repairs and rehabilitation were completed, the economic life of the building could reasonably be extended to 35 to 45 years.

4) Building Soundness

Two of the valuation premises of the appraisal (ii. & iii) are subject to conclusions of an independently developed "Soundness Report" as defined by City of Oakland Demolition Findings for Category II Historic Properties. The *Soundness Report was prepared independently by TBD Consultants (dated 6/30/17), and* is attached in the addenda as Exhibit B.

Building *Soundness* for purposes of this analysis is defined as an economic measure of the feasibility of repairing construction deficiencies, by comparing specified repair and upgrade costs to overall replacement cost of the structure. Per the City of Oakland Building Department, the overall replacement cost index used is generated by Marshall & Swift Valuation Service for New, Type 3 Retail Structures, Class C - Good Quality (Section 13, page 26; M&S Manual). The Replacement Cost index as stated by the Construction Valuation table from the City of Oakland Planning and Building Department[5] is $137.49/sf of gross building area.

This table also indicates (confirmed by Oakland Building Department personnel) that costs of E/P/M (Electrical / Plumbing / Mechanical) permits are to be compiled and added separately. Using the City's building permit application and professional experience of Lowney Architecture, these additional costs were estimated at $51,628.

The *Soundness Report Requirements* also specify regarding replacement cost components, that in addition to costs of labor, materials, and related fees (permits), "any entrepreneurial profit or incentive" should also be included in the replacement cost estimate. Entrepreneurial profit is usually added as a percentage of the costs (hard and soft) for a given project. It reflects the financial return sought by a developer to enter into, and complete a given project. In this case, a return on investment of 18% is deemed realistic, given the scale of the property and local market in which it functions.

The forgoing equates to an overall replacement cost for the subject building as follows:

20,380 sf x $137.49	**=**	**$2,802,046**	
Add City of Oakland Permits	=	66,000	
Add Entrepreneurial Profit (18%)	=	515,248	
Total Replacement Cost:	**=**	**$3,384,294**	**($166.06/sf)**

The defined upgrade cost totals from the Soundness Report are as follows:

Primary Upgrade Costs:	$1,684,127
Secondary Upgrade Costs:	$1,393,542
Total	$3,077,669

According to the definition of *Soundness* found in the City of Oakland Soundness Report Requirements, an *Unsound Structure* is one where the primary

[5] This official cost table is attached as Exhibit C in the addenda

upgrade costs exceed 50% of the building replacement cost, or the primary plus secondary upgrades exceed 75% of the building replacement cost.

It is evident that the combined Primary and Secondary Upgrade Costs exceed the above referenced 75% threshold. Therefore, the conclusion of the Soundness Report is that the subject building is an *Unsound Structure.*

H. Occupancy and Use

All of the current leases were reviewed along with the current rent roll. The retail units within the property are 80% occupied, and almost all include, at least a partial mezzanine level. The ground level areas in the units are relatively uniform in size, with mezzanine areas varying from 0% to 46% of ground floor area. Rental rates based on ground floor area range from $1.05/sf/month to $2.59/sf/month (inclusive of market rental rates in vacant units). The lowest rent is for the florist at 1269 Harrison Street. The highest is for the bakery at 317 13th Street. The average rental rate based on ground floor area is $1.58/sf per month; and $1.14/sf per month based on total unit floor area.

Forecast Rental Income			3/1/17										
1261 Harrison Street													
Oakland, California													
				Lease		Curent	Lease	Mos.		Escalation		Adjusted	Rent/
Suite No.	Tenant	Total SF	% Total	Start	End	Rent	Mos	Remain	Option	Date	Amount	Monthly **	SF/Mo.
1261 Harrison St	Guang Nan & Quan Qin Shi	1,765	9%	2/1/14	1/31/20	$1,900	72	35	No	Flat	$0	$1,900	$1.08
1269 Harriosn St	Connie M Chan & Christine Yuet Wong	1,119	5%	1/1/15	12/31/19	$1,100	60	34	No	Flat	$0	$1,100	$0.98
301 13th St	Mandy Lam	2,566	13%	3/1/15	12/31/17	$3,000	34	10	Yes	Flat	$0	$3,000	$1.17
315 13th St*	VACANT	2,332	11%	n/a	6/20/21	$3,732	0	0	No	n/a	$0	$3,732	$1.60
317 13th St	Sandy Wong & Jack Tu	1,910	9%	3/1/12	2/28/17	$2,750	60	0	No	Flat	$100	$3,250	$1.70
319 13th St	Fei Xiong Oin	2,506	12%	9/1/06	8/31/12	$1,900	72	0	Yes	9/1/09	$95	$4,000	$1.60
323 13th St	Joana Tam	1,979	10%	1/1/15	12/31/19	$1,900	60	34	No	1/1/17	$100	$2,000	$1.01
325 13th St *	VACANT	2,130	10%	n/a	n/a	$3,400	0	0	n/a	n/a	$0	$3,400	$1.60
329 13th St	Xue Qiong Hung & Zhuoqin LI	1,487	7%	2/14/12	2/13/15	$2,000	36	0	Yes	2/15/15	$200	$2,400	$1.61
333 13th St	VACANT	2,586	13%	3/1/15	12/31/21	$4,138	0	0	No	n/a	$0	$4,138	$1.60
	Rentable Area (sf)	**20,380**	**100%**	**Monthly Rent**		**$25,819**		**11**				$28,919	$1.42
Annual				**Annual Rent**		**$309,832**							
** Vacant Unit; market rent is entered here.*													
*** Forecast rents for units occuped M/M or vacant are at market rates*													

Almost all of the occupied subject units appear to be leased at rates below what the market would support. Estimated market rental rates for the property are addressed in the Income Capitalization Approach section of the report. For units which are either vacant, or occupied on month to month terms, market rents are estimated for valuation purposes.

Lease terms in force at the property are Industrial Gross under which tenants pay base rent and for their own utilities (separately), and the landlord pays all other operating expenses.

I. History of the Property

The most recent recorded transfer of the property was on June 9, 2016. It had been listed for sale on LoopNet during the 1st quarter of 2016 by Brian Ho (415-279-6677) at an asking price of $6,999,000. The sale price was negotiated at $5,900,000 by the buyer (HS Harrison LLC). The property is not currently offered for sale on the market.

The building improvements were originally constructed in 1916, along with five other structures, developed between 1904 and 1922, which cover the entire block. This group of properties is known as the “King Block” after the original developer, Charles King, and represent a consistent architectural statement for this historical period. The block was designated as an “Area of Primary Importance” by the Oakland Cultural Heritage Survey. According to the City of Oakland, 1261 Harrison Street carries a “C1+” rating.

7. HIGHEST AND BEST USE

In standard appraisal methodology, highest and best use is usually defined as:

"The use, from among the reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible and that results in the highest present land value.[6]" The highest and best use of the property is analyzed from two perspectives: A) as vacant; and, B) as improved. Further, four criteria are applied in the analysis: 1) Physically Possible; 2) Legally Permissible; 3) Financially Feasible; 4) Maximally Productive[7].

The highest and best use of the property is in part determined by the defined premises of the appraisal, as stated previously. Appraisal premises i, ii, & iii, all presume the continuity of the existing occupancy and use of the property, though under varying assumptions and definitions regarding the condition of the improvements.

A. Property "As Vacant"

Premise v presumes that all improvements have been demolished and removed, and that the site is vacant. In this case, the normal criteria as outlined in the above definition apply. With respect to No.1, there is ample evidence, based on observed pattern land use in this vicinity, that development of the site with a multi-story residential or commercial building is physically possible. There is no indication that conditions at the site would preclude such a project. Regarding No.2, legal permissibility, the governing land use regime, the Downtown-Lake Merritt Specific Plan, permits the subject property (Zoned D-LM-4) to be developed with structures with a maximum height of 85 feet to 275 feet, depending on entitlements applied for and approved. Various development projects in this part of Oakland have been proposed, and have obtained use permits.

Criterium 3, financial feasibility, is a test which can determine the achievable size, or scope, of a proposed project. In this case, there is ample evidence that it would be feasible to develop a mid-rise structure configured primarily as residential units, but encompassing ground floor retail occupancy as well. For the last four years, the current market has demonstrated this conclusion repeatedly through the acquisition, development, and construction of such projects in Oakland, and throughout the Bay Area.

---

[6] The Dictionary of Real Estate Appraisal, Fifth Edition, The Appraisal Institute, Page 93.

At the same time, developers have been acquiring sites in downtown Oakland with the aim of building high-rise projects, some of which have been fully entitled. At least two of these projects have actually broken ground during the current market cycle. Prices paid for these sites (which are typically within walking distance of a BART station) exceed the highest paid for any planned mid-rise development. Therefore, there is evidence that market participants believe high-rise development is feasible. I conclude that the market will continue to support pricing for prime development locations which presumes the feasibility of high rise development.

Criterium 4 addresses the question of what specific development would support the highest land value for the subject. The proposed project will encompass approximately 176 residential units, ±15,000 sf of retail space and ±100,000 sf of offices. The total floor area is estimated at 250,000 sf, achieving a Floor Area Ratio (FAR) of 16-17. A development proforma has not been finalized for the project by the property owners, but they estimate Return on Cost (ROC) at ±28%, arguably within the range of feasibility.

B. Property As Improved

Criteria 1 & 2 (physically possible and legally permissible), are met insofar as the existing building remains functional, and legally occupied by permissible uses, except for specific conditions noted in the Health and Safety Inspection Reports.

Special consideration is given to Criterium 3 (financial feasibility). To begin with, in the case of valuation premises i, ii, iii, which consider the property as presently improved, the required analysis presupposes that the current use of the property as multi-unit retail will continue indefinitely, given its protected historical status.

Further, the intended use of the appraisal report is to assist the client in presenting an application for a permit to demolish the structure on the subject parcel in preparation for development of a proposed new high-rise mixed use project on the site. This intended use requires the applicant to demonstrate specific findings with respect to financial feasibility of the existing occupancy and use of the improved property in question. These findings are outlined in the *City Of Oakland Demolition Findings For Category II Historic Properties* as follows:

1. Building Use – Economic Viability. The applicant shall submit a market analysis prepared by an architect, developer, real estate consultant, appraiser, or other real estate professional with extensive experience in

both real estate and historic rehabilitation that demonstrates all of the following:

a. The current use does not generate a reasonable economic return (may include market report of like uses and building scale in the same or similar neighborhood.)

This test of feasibility is defined as whether, under existing best practices of property management, the subject property can provide a reasonable return on investment. From the broadest perspective, the recent history of the property presents an unambiguous perspective on this question. Apart from any consideration of the protected historical status of the property, the property's "as is" market value (assuming indefinite continuity of the current retail occupancy and use) is less than 50% of its market value as a vacant site for new development. This leaves little doubt that the highest and best use of the property has changed. This change is due primarily to regional economic factors which are in evidence throughout central Oakland, as sustained job growth has spurred effective demand for residential and office locations close in to employment centers and vital urban environments.

However, this analysis is also applied to the property under the basic assumptions of this appraisal, under which the property will remain in its historic configuration indefinitely. The valuation analysis (presented in later section of the report) concludes at a market value based on comparison with recent market sales of competitive properties, and on an income capitalization analysis which takes into account the probable market rents for any premises in the property which is/are not subject to existing leases. Consideration is given to any detrimental conditions or deferred maintenance at the property, as described in the various inspection reports, along with the estimated costs of correction.

The described renovation and seismic upgrade costs will not significantly alter the basic quality and functionality of the building, but will address structural, mechanical and cosmetic deficiencies to the extent that the property will present an attractive exterior facade, and clean and functional interior spaces in marketable condition to prospective tenants. Under these conditions, the probable rental rates for renovated space in the building will be substantially higher than what the market currently indicates for the subject in its "as is" condition.

Market rental rates for retail space in downtown Oakland range from $1.00/sf/month to $3.00/sf/month on a NNN basis. Under these terms, tenants pay a base rent and reimburse the landlord for all operating expenses. Currently market rent for the existing space at the subject is estimated at

$1.60/sf per month on a gross basis, under which tenants pay base rent and utilities. The equivalent NNN rental rate is ±$1.25/sf /month.

For purposes of this analysis, a forecast rental rate of $2.50/sf/per month is used in order to test the limits of feasibility. It is questionable whether the subject property, even renovated as envisioned, could achieve the highest rental rates given its location and general quality of finishes. One of the competitive rentals presented in the Income Capitalization Analysis, which is located on the other side of the block from the subject (302 12th Street) is similar in quality and condition to the "as renovated" condition of the subject, and has been offered for rent at $2.50/sf/month NNN for several months, indicating that this may be the upper limit of market rent for the subject.

Using a forecast rental rate of $2.50/sf/month NNN, and deducting reasonable allowances for vacancy and collection loss, and landlord expenses (management and reserves) results in a net operating income which can be capitalized into an overall value using a market based rate of return. A rate of return of 6.5% is used.

Feasibility Analysis - "As Renovated" Capitalized Net Income				
		Per Rentable SF	Pct /Total	Appraisers
		20,380		Forecast
Income:	Forecast Monthly Rent	$2.50		$50,950
	Gross Annual Forecast Rent	$30.00		$611,400
	Vacancy and Collection:		5.0%	($30,570)
Effective Gross Income:		$28.50		$580,830
Operating Expenses:		Per SF	Pct Total	Per Year
	Reserves	$0.57	29%	$11,617
	Professional Management:	$1.43	71%	$29,042
Total Operating Expenses:		$2.00	100%	$40,658
	% of EGI:			7.00%
Net Operating Income:		$26.51		$540,172
Capitalization @		6.5%		**$8,310,337**

Following is a projection of lease up costs for subject property "as renovated" which include rent loss during absorption, rental concessions (free rent), real estate commissions, and tenant improvements. These are shown over a 12 month period estimated for market absorption of all 10 retail units. It is assumed that all of the present tenants would have to vacate their premises to permit the rehabilitation and repair work to be undertaken.

Quarter	1	2	3	4	Total
Units leased	4	3	2	1	10
No Vacant	6	3	1	0	10
Pct Vacant	60%	30%	10%	0%	100%
Rent Loss	$87,125	$43,562	$14,521	$0	$145,208
Concessions	$38,722	$29,042	$19,361	$9,681	$96,805
Commissons	$46,466	$34,850	$23,233	$11,617	$116,166
Tenant Improvements	$81,520	$61,140	$40,760	$20,380	$203,800
Subtotal					$561,979
Entrepreneurial Incentive					$56,198
Total Leaseup Costs					$618,176
Concessions	2	months free			
Comissions	20%	EGI One Year			
TI's	$10	/SF			
Incentive	10%				

The costs to achieve a rental income sufficient to support this capitalized value are referenced in section 6.G.3 (Pages 29-32), which presents and analyses inspection reports and repair cost estimates. The costs of structural upgrades to improve seismic stability, and various needed structural, mechanical, and cosmetic repairs is estimated at $8,817,998. The valuation of the building in “as is” condition is $3,600,000.

The following table summarizes the projected costs versus the overall value of the subject property assuming completion of the outlined renovations, repairs and upgrades.

Feasibility Conclusions

Capitalized NOI	$8,310,337
Less Lease up Costs	($618,176)
Value Stabilized	$7,692,161

As Is Value	$3,600,000
Renovation & Upgrade Costs	$8,817,998
Total	$12,417,998

Rate of Return	4.3%
Shortfall	-$4,725,837

It is clear that the costs of renovating the property are not recapturable in the market through rental income, and falling short in overall value by over 40%. Further, the overall rate of return based on stabilized net operating income divided by total costs (as renovated) is below what the market would accept for a property of this quality and location. Thus, the current use of the property cannot not generate a reasonable return.

b. That appropriate and reasonable alternate uses in the building could not generate a future reasonable economic return.

Consideration of an alternate use of the property must take into account not only possible increase rental income or market value, but also the costs to achieve a change in the property's position in the market. This could include a re-tenanting of the property with businesses which can afford to pay substantially higher rents.

There is no demand for an alternative use of the property (apart from multi-unit retail) that could generate enough additional rental income to justify a greater value, given the costs to establish an alternative use. This scenario would have to account for substantially higher turnover costs (lost rent, brokerage fees, and tenant improvements. Even if the new rental rates were 200% to 300% of the current levels, the resulting value could not exceed the repair and upgrade costs, especially considering that under such conditions, the necessary and expected quality of finishes and functionality would require even higher expenditures. Thus, appropriate and reasonable alternative uses of the property cannot yield a reasonable return on investment.

c. That alterations or additions to the existing building could not make the current or future use generate a reasonable economic return; and,

This feasibility test is similar to (b) insofar as it involves consideration of at least a partial redevelopment or enlargement of the existing structure, while maintaining the existing use category of street level retail occupancy. Enlargement of the existing building is concluded to be infeasible for structural reasons. Alterations to the building to meet prospective demand for substantially higher quality rental premises raises questions regarding effective market demand, and costs of both remodeling and correction of structural deficiencies, as well as costs of re-leasing the space once redevelopment is completed. We note that the scale of expected costs to create sufficient structural stability to enlarge the unreinforced masonry building envelope would substantially increase cost requirements over and above what is currently estimated to deal with needed repairs. Under these conditions, alterations or additions to the existing building cannot generate a reasonable return on investment.

d. Potential Federal Tax Credits, Mills Act Contracts, Façade Grants, or other funding sources are not feasible to bridge the gap identified above.

Federal Tax Credits applicable to the subject property could provide an income tax savings of up to 10% of qualifying rehabilitation costs.

The subject property could qualify for a *Mills Act Contract*, which could provide an annual property tax abatement over 10 years. The present value of these tax savings would not exceed ±$350,000, even though the current assessed value of the property is significantly higher than the estimated assessed value under Mills Act Contract. Therefore, the present value of such a tax benefit could not offset the costs of renovation.

Oakland's *Façade Improvement Program* can fund up to $30,000 of façade improvement costs.

Transferable Development Rights provide a mechanism for transferring ownership of unused property rights to develop a given site to a higher density than currently exists. Since the subject property includes no vacant land, and exercise of full development rights presupposes demolition of the existing improvements, this program does not appear to be applicable to the property for purposes of this analysis.

Tenant Improvement Program
This is an City of Oakland program which provides up to $45,000 in grants to landlords who have prospective tenant and a premises which has not been vacant more than six months.

All of the above programs could help in reducing the costs of necessary renovation of the subject, but even in the aggregate, do not offset the costs of renovation and repair to extent that the subject property could generate a reasonable return on investment.

The above section of the appraisal which deals with Highest and Best Use of the subject property addresses the submittal requirements for Finding One of the City of Oakland Demolition Findings for Category II Historic Properties. This is accomplished in the sub-section dealing with financial feasibility of the property as presently improved. The conclusion of this analysis is that continued occupancy and use of the property as currently configured may only represent an interim use before an alternate use of the property is approved. A major renovation of the building to extend its economic life for another 30 years, or more, is not financially feasible.

Criterium 4, Maximally Productive Use would normally conclude that the highest and best use of the property was for redevelopment. Indeed the recent sales history amply demonstrates this since the recent sale of the property for development purposes was at a price over double what the property could achieve assuming continuity of the existing occupancy and use. However, as

stated previously, this appraisal is premised on the assumption that the property will remain under its current (or similar) occupancy and use indefinitely. Under this assumption, the highest and best use of the property can only be a continued multi-unit retail use. Thus, a corollary assumption is that a prospective buyer of this property would expect it to remain economically viable as such, and would consider the very substantial repairs and upgrades to the property to be necessary for the continuity of the present use.

8. MARKET CONDITIONS OVERVIEW

The market for development sites, both regionally and in central Oakland, has been driven by strong economic growth in the wake of the recovery from the 2008-2010 recession. Increased job growth has outstripped the production of housing in the Bay Area to an even greater degree than has historically been the case for this region. These broader economic forces have been most pronounced in San Francisco and down the peninsula south to Silicon Valley (Santa Clara County). They have also influenced housing markets in East Bay cities from El Cerrito south to Fremont and rents and prices have trended significantly upward.

Under these constrained supply conditions, opportunities to develop additional housing units have been vigorously sought after due to the profitability of such projects. This has translated into strong growth in land pricing, which is typical for periods of sustained economic expansion.

A survey of residential development land sales in Oakland, Berkeley and Emeryville which encompasses 42 transactions between December of 2014 and September 2016, indicates a rising trend and the perceived feasibility of high rise apartment (or condominium) projects in the Oakland CBD, particularly in transit oriented zones. This is consistent with other broad trends for real estate assets in this region.

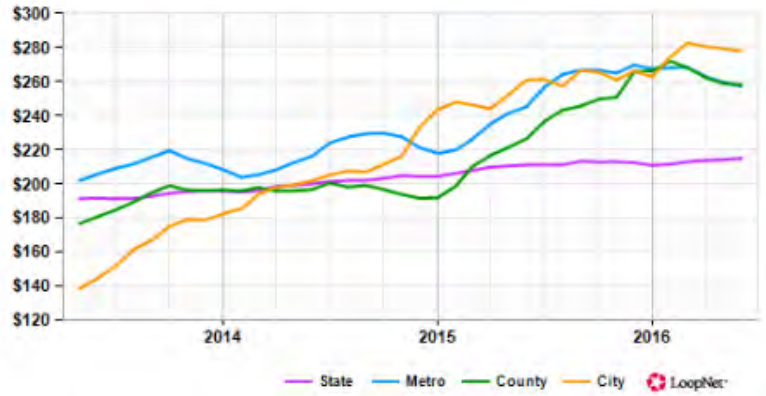
As of a year ago, Dr. Kenneth Rosen of the *Fisher Center for Real Estate and Urban Economics opined that* the current growth phase of the economy is expected to continue for 2-3 more years. This view is echoed by developers interviewed for this appraisal. It is now known that developers of two projects in the Oakland CBD have applied for building permits for approved high-rise buildings, a milestone for this district. Further, it was just announced that the Case-Shiller real estate index for residential property has equaled or surpassed the historic highs achieved in 2006.

Paralleling the demand trends for potential development sites are those for retail property, as evidenced in the upward trends in asking prices and rents. The charts on the following page indicate a steady, though apparently moderating upward direction.

Retail Property Asking Price Index - Sale Trends

Embed

Asking Prices Retail for Sale Oakland, CA ($/SF)



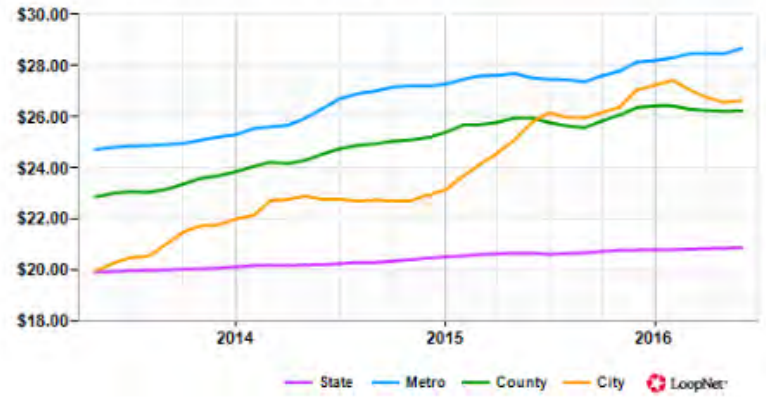
	Jun 16	vs. 3 mo. prior	Y-O-Y
State	$214.98	+1.0%	+1.8%
Metro	$257.16	-4.2%	+4.8%
County	$258.11	-3.7%	+14.0%
City	$277.93	-1.6%	+6.6%

Current Oakland market trends data indicates a decrease of -1.6% in the median asking price per sq ft for Retail Commercial properties compared to the prior 3 months, with an increase of +6.6% compared to last year's prices. County-wide, asking prices for Retail Commercial properties are -3.7% lower at $258 per sq ft compared to the current median price of $278 per sq ft for Retail Commercial properties in Oakland, CA.

Retail Property Asking Rent - Lease Trends

Embed

Asking Rent Retail for Lease Oakland, CA ($/SF/Year)



	Jun 16	vs. 3 mo. prior	Y-O-Y
State	$20.88	+0.2%	+1.0%
Metro	$28.68	+0.8%	+4.2%
County	$26.24	-0.2%	+1.1%
City	$26.64	-1.6%	+3.3%

The average asking rental rate per sq ft/year for Retail Commercial properties in Oakland, CA as of Jun 16 was $26.64. This represents a decrease of -1.6% compared to the prior 3 months, with an increase of +3.3% year-over-year. County-wide, average rental rates in Oakland are -0.2% lower at $26.24 per sq ft/year for Retail Commercial properties currently for lease.

Source: LoopNet

MARKETBEAT

East Bay

Retail Q3 2016

CUSHMAN & WAKEFIELD

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
North 80 Corridor	180	3,969,623	6.6%	-28,935	-46,390	46,414	$24.00
South 80 Corridor	54	1,569,515	0.6%	1,450	387	116,000	$55.47
Oakland	130	2,340,340	9.6%	-6,591	-114,079	9,622	$24.46
880 Corridor	773	16,432,781	4.1%	8,275	95,737	27,265	$24.36
580 Corridor	330	7,465,669	7.0%	228	-38,531	169,849	$23.74
Highway 4	374	8,643,973	6.6%	186,534	132,704	15,000	$23.69
680 Corridor	493	10,207,343	6.2%	50,827	-82,819	96,177	$26.05

SHOPPING CENTER TYPE	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
Neighborhood & Community	1,437	34,774,677	6.0%	87,859	-191,460	356,648	$24.00
Strip	698	6,080,300	4.5%	93,224	136,750	123,679	$24.57
Power & Regional	220	9,607,189	5.7%	-19,858	-48,588	0	$29.89
Lifestyle	34	1,257,167	5.1%	38,567	42,129	0	$23.76
EAST BAY RETAIL TOTALS	2,389	51,719,333	5.7%	199,792	-61,169	480,327	$24.61

*Rental rates reflect NNN asking $/PSF/year

9. SALES COMPARISON APPROACH

A. Land Value

This valuation analysis pertains to premise v. of the appraisal, the value of the property assuming existing improvement have been demolished and cleared from the site.

From this perspective, the subject exists in a competitive market context of well-located development sites suitable for multi-unit residential development.

The accompanying table provides a summary of the market transactions deemed instructive in this valuation. The primary indices extracted from the data is price per square foot of land ($/⍁-Site), and price per living unit ($/Unit). Data sources include Costar, MetroScan, the Loopnet, local brokers and developers and the East Bay Regional MLS.

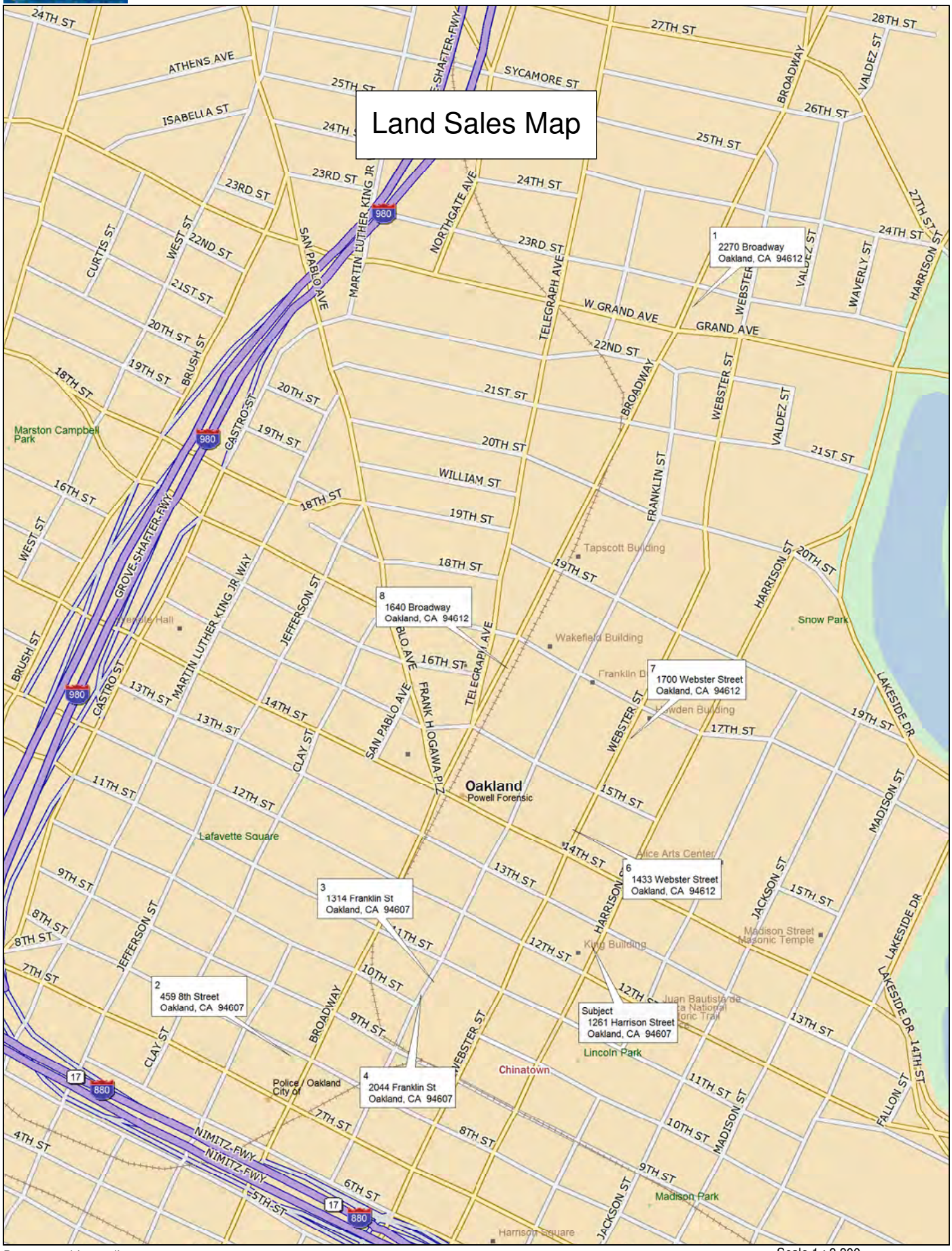
As stated previously, the location and relatively clear set of development possibilities for the subject property affords a competitive advantage in the market. We have used sales of both entitled un-entitled properties because both types of property are currently trading in the market.

Land Sales Summary

1261 Harrison Street

NO.	LOCATION APN	SALE PRICE SALE DATE	UNITS UNITS/AC	SITE AREA ZONING	$/SF $/unit
1	2270 Broadway, Oakland	$18,250,000	223	20,146	$905.89
	008-0656-002-01	19-Feb-16	482	D-BV-2	$81,839
Parcel spans two corners. Site sold four months previously for $8,000,000 with planning approvals for currert highrise project. Sellers were motivated by circumstances to liquidate without proceeding further with development. Specific Plan district facilitated project development with clear guildelines eliminating EIR process. Project is configured at maximum density allowed by zoning ordinannce. Current transaction is inclusive of permit approvals for construction. Location is within 7 minute walk to BART. Project consists of 223 residential units and 4,000 sf of retail space.					
2	459 8th Street ,Oakland	$6,500,000	50	14,985	$433.77
	001-0201-015	17-Dec-15	145	CBD-P/S-7	$130,000
Entitled site inclusive of all permits for 50 residential units. Location in gateway thorougfare in Old Oakland District and subject to additional design review. Project is currently under construction.					
3	1314 Franklin St, Oakland	$37,000,000	575	60,000	$616.67
	002-0055-001	1-Jul-16	417	D-LM-2 D-LM-3,	$64,348
Entire city block within one-minute walk to BART and 100% location in Oakland CBD. Buyer plans to entitle site for development with up to 575 residential units and 15K sf of retail space. Currently improved with two-story parking garage.					
4	2044 Franklin St, Oakland	$14,360,000	283	25,500	$563.14
	001-143-010,007,008	2-Jun-16	483	CBD-C; Hght Are	$50,742
Roughly rectangular corner parcel improved with two story offices, and purchased for development Max FAR = 20 Units/Acre = 483. Buyer plans an innovative modular structure which is intended to reduce constructon costs substantially.					
5	2538 Telegraph Ave, Oakland	$6,750,000	97	27,280	$247.43
	009-0683-021,024	9-Jun-16	155	CC-2, CC-3	$69,588
Property has Use Permit to develop the site wth 97 residential units and +/-9,000 sf of retail space. Buyer is experienced local developer. Location is in Asian ethnic oriented retail setting. Site improved with vacant, two-story retail building. Estimated cost to demolish = $100,000					
6	1433 Webster Street, Oakland	$5,650,000	176	16,068	$351.63
	008-0624-035,036	14-Mar-16	477	CBD-C; CBD-P	$32,102
Two adjacent properties combined into site with corner access. Both are improved with 1-2 story office buidings which will be demolished to make way for development of high rise residential tower. Proposed project is for a 28 story high rise residential development containing 176 dwellings and ground floor commercial. The proposal includes a 20% density bonus by including affordable housing within the proposed market rate development. The proposal also includes the retention of the historic building at 363 15th Street which will include a "preservation" easement above the existing building.					
7	1700 Webster Street, Oakland	$5,150,000	206	24,437	$210.75
	008-0625-014-01	14-Mar-16	367	CBD-C	$25,000
Rectantgular site improved with a two story office buildiing be developed with a high rise apartment structure. Planning approvals for redevelopment granted 5/5/15. Owner has since applied for demolition permit to make way for 250 foot high residential/retail complex with 206 units.					
8	1640 Broadway, Oakland	$18,500,000	254	22,204	$833.18
	008-0622-001-03,04,05	1-Aug-16	498	CBD-C	$72,835
Corner site entiltled for a 375 foot high-rise mixed-use development consisting of 254 residential condominium units with approximately 5,000 square feet of ground-floor commercial space, and a six levels of garage space above					
Sub	1261 Harrison Street, Oakland	Date of Value	176	15,097	
	002-0063-002	1-Mar-17	507	D-LM-4	

Land Sales Map



Data use subject to license.

www.delorme.com

TN
MN (13.5°E)

Scale 1 : 8,800

1" = 733.3 ft

Data Zoom 14-5

Sale One; 2270 Broadway, Oakland, is a single parcel spanning two corners. The site sold four months previously for $8,000,000 with planning approvals for the current high-rise project. The sellers were motivated by circumstances to liquidate without proceeding further with development. Location within the Broadway Valdez Specific Plan Area facilitated project development with clear guidelines eliminating EIR process and public hearings. Project is configured at maximum density allowed by zoning ordinance. The current transaction is inclusive of permit approvals for construction. Location is within 7 minute walk to BART. Project consists of 223 residential units and 4,000 sf of retail space. The location is superior.

Sale Two; 459 8th Street, Oakland, is an entitled corner site inclusive of all permits for 50 residential units. The location is on Broadway, a gateway thoroughfare in the Old Oakland District adjacent to the south of the CBD. The setting within a historic district means any development is subject to additional design review. This is not a high-rise project and is limited in height by Type V construction which is less costly than for high rise structures. This location is superior to subject property

Sale Three; 1314 Franklin Street, Oakland, is an entire city block within one-minute walk to BART and the 100% location in the Oakland CBD at 14th Street and Broadway. It is improved with the Merchant's Garage, a two-story concrete structure. Buyer plans to entitle site for development with up to 575 residential units and 15K ☐ of retail space. Buyer is a national developer currently engaged in several projects in this part of Oakland. The location is similar to the subject, but closer to BART, and superior in terms of site utility.

Sale Four; 2044 Franklin Street Oakland, is a vacant, roughly rectangular corner parcel improved with a two-story office building constructed in 1976. The buyers purchased the site with no entitlements, and prior to any formal application to the city for their intended development of a high rise mixed use (residential/retail) complex. The location of this property is in between Oakland's emerging uptown district and the Kaiser Center / Lake Merritt office district, and within three blocks of the 19th Street BART station. The zoning district CBD-C; Height Area 7, has no building height limits and minimal set back requirements. The allowable development density is the maximum at 484 units per acre. The owner plans a innovative modular structure to reduce construction costs. The location is superior to the setting of the subject in terms of local amenities.

Sale Five; 2538 Telegraph Ave, Oakland, is an irregular corner site on Telegraph Avenue and 26th Street in an established commercial node. The property is improved with an older two story commercial building which has

been vacant for years, and is in overall poor condition. The owner had entitled the property for development with a high-rise mixed use development inclusive of 97 units and ±9,000 ☐ of retail space. The site did not have optimal marketing exposure, but nonetheless generated multiple offers. The owner stated that upon failure of negotiations with one party, the price was raised for the next, indicating strong market conditions. The location is inferior to the subject in terms of general appeal and transportation linkages.

Sale Six; 1433 Webster Street, Oakland, is an assemblage of two parcels into an L-shaped corner site at 15th Street. The property was assembled in two transactions within two months of each other for development of a 25-26 story residential tower with ground floor retail space. The owners application for entitlements includes 176 units (with a density bonus for affordable units). This property is located three blocks north of the subject in a comparable location.

Sale Seven; 1700 Webster Street, Oakland, is rectangular corner site improved with a two story office building, planned for redevelopment with a high rise modular apartment structure. Planning approvals for redevelopment were granted 5/5/15. Owner has since applied for demolition permit to make way for 250 foot high residential/retail complex with 206 units.

Sale Eight: 1640 Broadway, Oakland is a rectangular corner site in the CBD which has been approved for development since before the recent recession. The site is entitled for a 375 foot high-rise mixed-use development consisting of 254 residential condominium units with approximately 5,000 square feet of ground-floor commercial space, and six levels of garage space above podium. The buyer has reportedly filed an application for building permits.

The sales were analyzed, and the data adjusted, to reflect significant differences with the subject property:

Property Rights Appraised
This factor tends not to be applicable to vacant land. In any case, all of the comparable transactions involved fee simple rights.

Financing Terms
All sales were financed with cash or mortgages at prevailing rates.

Conditions of Sale
No adjustments warranted.

Immediate Expenditures

Sales 3,5,6 & 7 are adjusted for demolition costs require the prepare their respective sites for new improvements.

Market Conditions (Time)

As discussed previously, market participants have observed factors including lease rates, availability of financing, and consumer behavior leading them to conclude that there have been increases in land values as evidenced by sale of development sites. Anecdotal evidence supports the application of modest price adjustments averaging between 1% and 2% per month. We have concluded (conservatively) that an adjustment is realistic for all the transactions considered here, and have applied a rate equating to 3% per year. This is consistent with trends in land value during periods of high demand and correspondingly limited supply of housing units.

Location

Locational factors include visibility, accessibility, and concentration of compatible and complementary uses. Adjustments were made to account for all the influences that vary between the comparables and the subject. Locations on Broadway were deemed superior. Sale Five, at significant remove from the CBD and public transit connections is deemed inferior.

Size and Scale

A uniform adjustment is applied to all of the comparables to reflect economies of scale inherent in improvements larger (or smaller) in size in terms of land area are or total units, compared to the subject.

Construction Costs

This comparative factor takes into account the difference in costs between Type 1 and Type 3 construction. High rise development is approximately 20% to 30% more costly per ☐ than standard four-seven story wood (or lightweight concrete) frame over podium construction, due to additional costs for required fire and life safety features.

Configuration and Shape

The utility of the proposed project site and comparables varies depending on access and street frontage. This affects both the ease of development and exposure to light and air, particularly in residential projects. Sale Five is adjusted downward for its whole-block configuration.

Entitlements

Entitlement costs of processing planning applications and developing technical and architectural specifications equate to approximately 20%-30% of land costs for approved sites. In addition, there is the time value of money expended during what can be a lengthy process. Sales 1, 2 & 8 are adjusted

downward as appropriate to the status of their entitlements as of the date of sale.

Impact Fees

We are aware that the proposed development of the subject property will either incorporate affordable units sufficient number to forego paying the impact fees, or pay the appropriate fee and build only market rate units. The adjustment of Sales 1, 2, 5 & 8 is based on the avoidance of the $7,000/unit impact fee as of March 1, 2017. The other properties are subject to the fee, or will be entitled for development inclusive of the appropriate proportion of affordable units.

The comparable sale data and adjustments are summarized in the accompanying spreadsheets for $/Unit and $/☐ analyses.

Summary of Adjustments to Data									1261 Harrison Street, Oakland Price Per Unit
Comparable No.	**Subject**	1	2	3	4	5	6	7	8
Address	1261 Harrison Street, Oakland	2270 Broadway, Oakland	459 8th Street ,Oakland	1314 Franklin St, Oakland	2044 Franklin St, Oakland	2538 Telegraph Ave	1433 Webster Street, Oakland	1700 Webster Street,	1640 Broadway,
Planned Units	176	223	50	575	283	97	176	206	254
Units per Acre	507	482	145	417	483	155	477	367	498
Sale Date:	3/1/2017	2/19/16	12/17/15	7/1/16	6/2/16	6/9/16	3/14/16	3/14/16	8/1/16
Price		$18,250,000	$6,500,000	$37,000,000	$14,360,000	$6,750,000	$5,650,000	$5,150,000	$18,500,000
Price/Unit		**$81,839**	**$130,000**	**$64,348**	**$50,742**	**$69,588**	**$32,102**	**$25,000**	**$72,835**
Adjustments to Data									
Rights Appraised		0	0	0	0	0	0	0	0
Adjusted Price		$18,250,000	$6,500,000	$37,000,000	$14,360,000	$6,750,000	$5,650,000	$5,150,000	$18,500,000
Financing Terms		0	0	0	0	0	0	0	0
Adjusted Price		$18,250,000	$6,500,000	$37,000,000	$14,360,000	$6,750,000	$5,650,000	$5,150,000	$18,500,000
Conditions of Sale		0	0	0	0	0	0	0	$0
Adjusted Price		$18,250,000	$6,500,000	$37,000,000	$14,360,000	$6,750,000	$5,650,000	$5,150,000	$18,500,000
Immediate Expenditures			0	250000	0	$100,000	$100,000	$100,000	$0
Adjusted Price		$18,250,000	$6,500,000	$37,250,000	$14,360,000	$6,850,000	$5,750,000	$5,250,000	$18,500,000
Time:		3%	4%	2%	2%	2%	3%	3%	1%
Current Cash Equiv. Price		$18,812,459	$6,734,426	$37,991,947	$14,680,157	$6,998,791	$5,915,902	$5,401,475	$18,660,738
Adjusted Price/Unit		**$84,361**	**$134,689**	**$66,073**	**$51,873**	**$72,152**	**$33,613**	**$26,221**	**$73,467**
Location		-10%	-10%	0%	0%	25%	0%	0%	-10%
Zoning/Density		0%	0%	0%	0%	0%	0%	0%	0%
Scale		3%	-7%	23%	6%	-4%	0%	2%	4%
Const Costs		0%	-20%	0%	0%	0%	0%	0%	0%
Configuration/Shape		0%	0%	-10%	0%	0%	0%	0%	0%
Entitlements		-30%	-20%	0%	0%	-30%	0%	0%	-30%
Impact Fee		-9%	-5%	0%	0%	-10%	0%	0%	-10%
Subtotal:		-46%	-63%	13%	6%	-20%	0%	2%	-45%
Adjusted $/Unit		**$45,654**	**$50,449**	**$74,445**	**$55,027**	**$58,048**	**$33,613**	**$26,668**	**$40,276**
Mean $/Unit		$48,022							
Max $/Unit		$74,445							
Min $/Unit		$26,668							
Variance mx/mn		2.79							
Mean 1,3,4,5,8		$41,502							
Mean Excl Max/Min		$52,873							
Concluded Index		**$41,000**	**$7,220,000**	**(rounded)**					

Summary of Adjustments to Data									1261 Harrison Street, Oakland Price Per SF
Comparable No.		1	2	3	4	5	6	7	8
Address	1261 Harrison Street, Oakland	2270 Broadway, Oakland	459 8th Street ,Oakland	1314 Franklin St, Oakland	2044 Franklin St, Oakland	2538 Telegraph Ave	1433 Webster Street, Oakland	1700 Webster Street,	1640 Broadway,
Land Area (SF):	15,097	20,146	14,985	60,000	25,500	27,280	16,068	24,437	22,204
Units Per Acre	507	482	145	417	483	155	477	367	498
Sale Date:	3/1/2017	2/19/16	12/17/15	7/1/16	6/2/16	6/9/16	3/14/16	3/14/16	8/1/16
Price		$18,250,000	$6,500,000	$37,000,000	$14,360,000	$6,750,000	$5,650,000	$5,150,000	$18,500,000
Price/SF ($/SF):		**$906**	**$434**	**$617**	**$563**	**$247**	**$352**	**$211**	**$833**
Adjustments to Data									
Rights Appraised		0	0	0	0	0	0	0	0
Adjusted Price		$18,250,000	$6,500,000	$37,000,000	$14,360,000	$6,750,000	$5,650,000	$5,150,000	$18,500,000
Financing Terms		0	0	0	0	0	0	0	0
Adjusted Price		$18,250,000	$6,500,000	$37,000,000	$14,360,000	$6,750,000	$5,650,000	$5,150,000	$18,500,000
Conditions of Sale		0	0	0	0		0	0	$0
Adjusted Price		$18,250,000	$6,500,000	$37,000,000	$14,360,000	$6,750,000	$5,650,000	$5,150,000	$18,500,000
Immediate Expenditures			0	250000	0	$100,000	$100,000	$100,000	$0
Adjusted Price		$18,250,000	$6,500,000	$37,250,000	$14,360,000	$6,850,000	$5,750,000	$5,250,000	$18,500,000
Time:		3%	4%	2%	2%	2%	3%	3%	1%
Current Cash Equiv. Price		$18,812,459	$6,734,426	$37,991,947	$14,680,157	$6,998,791	$5,915,902	$5,401,475	$18,660,738
Adjusted Price/SF		**$934**	**$449**	**$633**	**$576**	**$257**	**$368**	**$221**	**$840**
Location		-10%	-10%	0%	0%	25%	0%	0%	-10%
Zoning/Density	0	0%	0%	0%	0%	0%	0%	0%	0%
Size:		3%	0%	30%	7%	8%	1%	6%	5%
Const Costs		0%	-20%	0%	0%	0%	0%	0%	0%
Configuration/Shape		0%	0%	-10%	0%	0%	0%	0%	0%
Entitlements		-30%	-20%	0%	0%	-30%	0%	0%	-30%
Impact Fee		-9%	-5%	0%	0%	-10%	0%	0%	-10%
Subtotal:		-45%	-55%	20%	7%	-7%	1%	6%	-45%
Adjusted $/sf		**$512**	**$200**	**$758**	**$615**	**$239**	**$371**	**$235**	**$463**
Mean $/sf		$424							
Max $/sf		$758							
Min $/sf		$200							
Variance mx/mn		3.79							
Mean 1,3,4,5,8		$453							
Mean Excl Max/Min		$455							
Concluded Index		**$455**	**$6,870,000**	**(rounded)**					

Site Valuation Conclusions

Sales One, Three, Four, Five and Eight are given most emphasis due to their greater similarity to the subject in development density.

Thus, the concluded market price indices for application to the subject are:

$41,000/unit	x	176 units	=	$7,220,000
$465/sf	x	15,097 sf	=	$6,870,000

More emphasis is placed on the $/unit index as the primary metric used by buyers and sellers of property with this highest and best use. I conclude that the value of the subject property based on the assumptions of Premise v of the appraisal is:

$7,000,000.

B. Improved Property Market Study

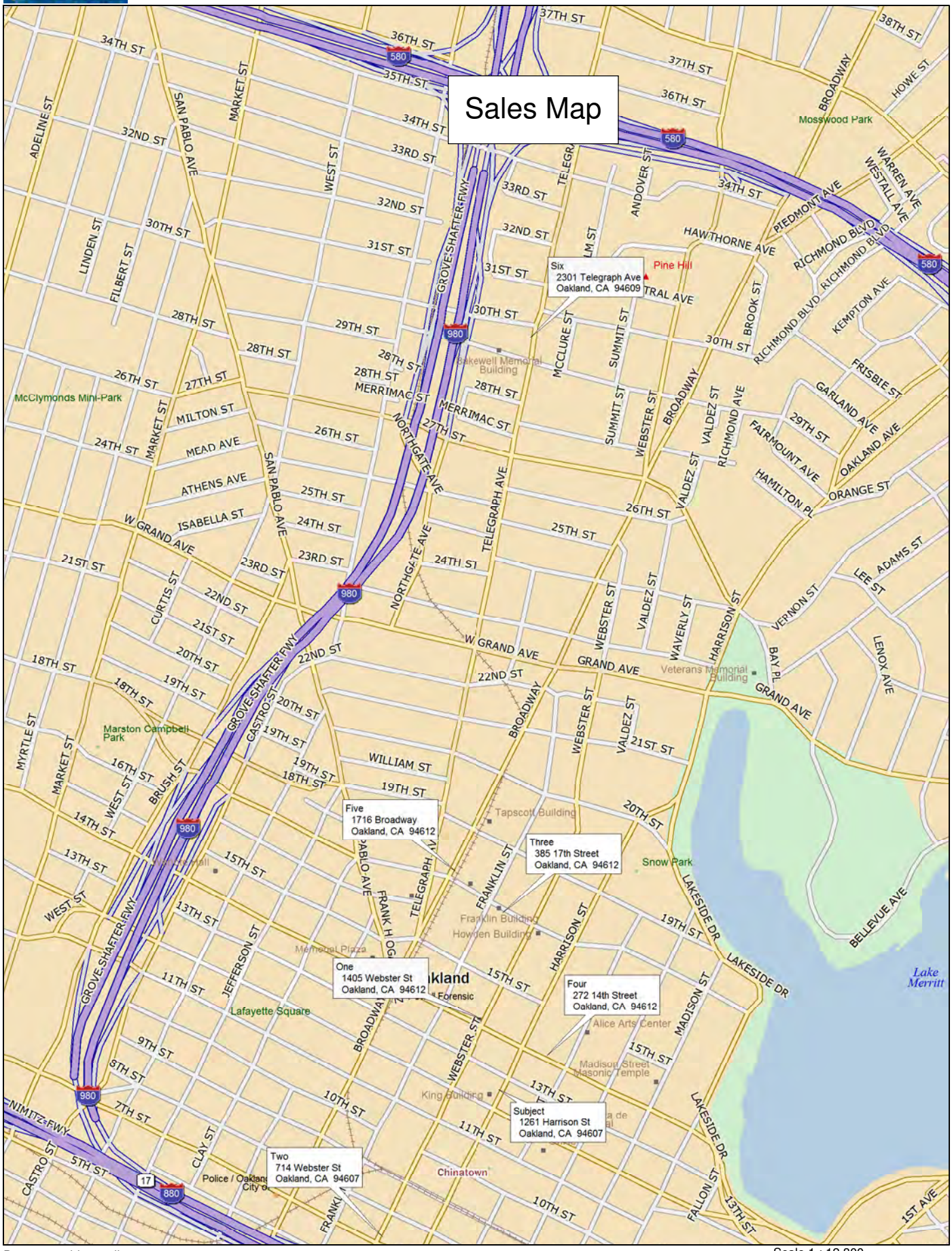
The subject exists in a competitive market context of retail/commercial properties in central Oakland. The selected properties are the most similar to the subject in location, configuration and size which have sold in the last 24 months

The accompanying tables provide a summary of the market transactions deemed instructive in this valuation. The primary index extracted from the data is price per square foot ($/sfgba). Data sources included Costar, MetroScan, the Loopnet, local brokers and developers and the East Bay Regional MLS.

The comparable sales were also analyzed to extract indicated overall rates of return. In some cases this involved estimating rental value and expenses for many of these properties since they were purchased for partial or full owner occupancy, or income and expense data was simply not available. Nonetheless, analysis of each property yielded a consistent pattern of Overall Rates (OAR) which inform the income capitalization approach in this appraisal.

	Subject	#1	#2	#3	#4	#5	#6
Location:	1261 Harrison St, Oakland	1405 Webster St, Oakland	714-734 Webster St, Oakland	385 17th Street, Oakland	272 14th Street, Oakland	1716 Broadway, Oakland	2301 Telegraph Ave, Oakland
APN:	002-0063-002	008-0624-038	001-0187-010	008-0524-017	008-0626-020	008-0632-011	008-0664-060
Doc#:	145284	311477	012874	231786	093138	240807	196951
Buyer	HS Harrrison LLC	1415 Webster Oalkland, LLC	Lun & Sonia Wong	Thor Equities LLC	Interim Books LLC	Media DDS LLC	Parcel 2301 LLC
Seller	Wai & Chun Ho Trust	Manylike Property LLC	Sze H Chow 2000 Trust	AHHS Commercial Devs LLC	Esther Elie LLC	Roberts Trust	Lee Trust
Date:	6/9/2016	11/23/2015	1/21/2015	9/12/2016	4/17/2014	10/2/2014	7/17/2015
Status:	Closed	Sold	Sold	Sold	Sold	Sold	Sold
Price:	$5,900,000	$1,975,000	$6,600,000	$2,500,000	$1,475,000	$1,100,000	$1,475,000
Price/SF:	***$390.81***	***$197.50***	***$357.68***	***$226.74***	***$103.51***	***$110.00***	***$193.95***
SF GBA	15,097	10,000	18,452	11,026	14,250	10,000	7,605
No Units	10	5	8	14	11	1	2
SF/Unit	1,510	2,000	2,307	788	1,295	10,000	3,803
Building Type:	Frame/CMU	Frame CMU	Frame/Stucco	Frame/Stucco	Frame/Stucco	Frame/CMU	Frame/CMU
Occupancy:	Tenant	Tenant	Tenant	Tenant	Tenant	Vacant	Tenant/Owner
Site Area:	15,097	5,001	11,874	5,625	4,879	3,999	8,250
Lnd/Bldg:	1.00	0.50	0.64	0.51	0.34	0.40	1.08
Pct Bldg Coverage	100%	200%	155%	196%	292%	250%	92%
Price:SF-Site:	***$390.81***	***$394.92***	***$555.84***	***$444.44***	***$302.32***	***$275.07***	***$178.79***
Year Built:	1923	1924	1900	1943	1924	1940	1958
Frontage Feet	332	150	225	187	45	43	175
Quality	Average	Average	Average+	Average	Average	Average	Average
Condition	Average-	Average	Average	Average	Fair	Average-	Average
Parking:	0	0	0	0	0	0	0
SF per space	0	0	0	0	0	0	0
Parking Ratio:	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Sched. Income	256,929	$171,911	$608,589	$198,468	$213,750	$150,000	$114,075
Less Vacancy	$12,839	$8,591	$30,429.47	-$9,923	-$10,688	-$7,500	-$5,704
Effective Gross Income	244,090	$163,320	$578,160	$188,545	$203,063	$142,500	$108,371
Expenses	104,110	-$53,225	-$192,720	-$39,694	-$60,919	-$7,125	-$5,419
Net Operating Income	139,980	$110,095	$385,440	$148,851	$142,144	$135,375	$102,953
NOI/sf	$9.27	$11.01	$20.89	$13.50	$9.98	$13.54	$13.54
OAR	2.37%	5.57%	5.8%	6.0%	5.7%	6.4%	6.0%

Sales Map

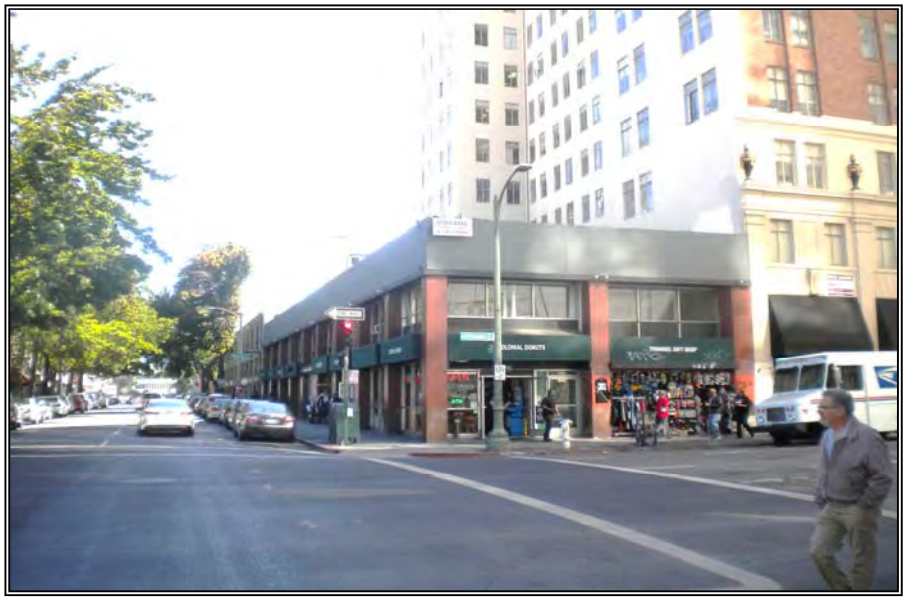


TN
MN (13.5°E)

Scale 1 : 12,800
1" = 1,066.7 ft
Data Zoom 14-0

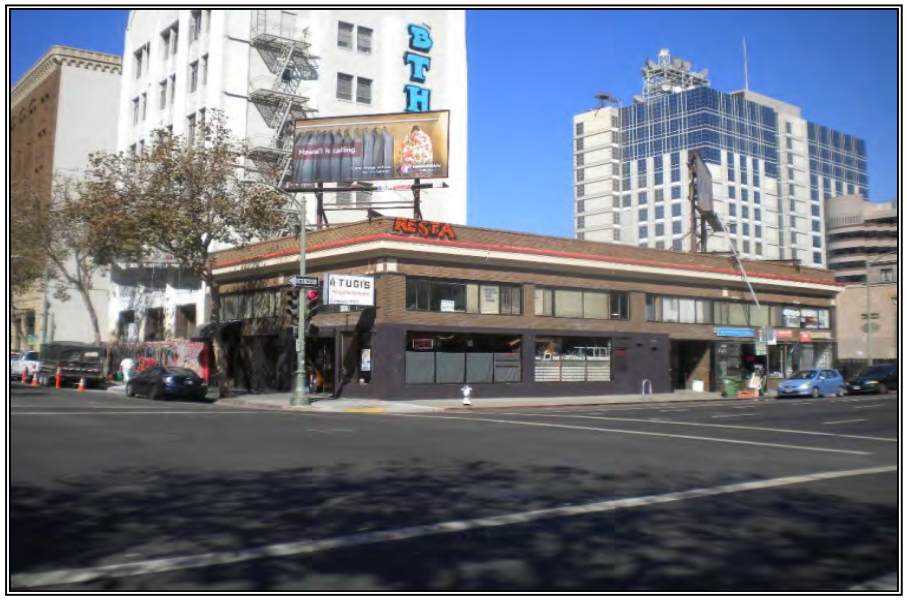
Subject Property

1261 Harrison Street,
Oakland, California



Sale One
1405 Webster St, Oakland

Sale Two
714-734 Webster St, Oakland



Sale Three
385 17th Street, Oakland

Subject Property
1261 Harrison Street,
Oakland, California

Sale Four
272 14th Street, Oakland

Sale Five
1716 Broadway, Oakland

Sale Six
2301 Telegraph Ave, Oakland

The sales were analyzed, and the data adjusted, to reflect significant differences with the subject property:

Property Rights Appraised

This factor tends not to be applicable to owner occupied special purpose properties, since the rights conveyed are typically fee simple.

Financing Terms

The sales were financed with cash, market rate loans or private deeds of trust. No adjustments were warranted.

Conditions of Sale

No adjustments warranted.

Immediate Expenditures

Comparable Four sold with extensive deferred maintenance requiring correction.

Market Conditions (Time)

As discussed previously, market participants have observed factors including lease rates, availability of financing, and investor behavior leading them to conclude that an adjustment to the comparable sales equivalent to 6% per year is justified.

Location

Locational factors include visibility, accessibility, and concentration of compatible and complementary uses. Adjustments were made to account for all of these influences, which vary considerably between the comparables and the subject.

Site Utility

The site utility of the subject and the comparables is generally similar, however the Sales Four and Five are inferior due to non-corner locations.

Size and Scale

A uniform adjustment is applied to all of the comparables to reflect economies of scale inherent in improvements larger (or smaller) in size compared to the subject.

SF per Unit

A uniform adjustment is applied to all of the comparables to reflect economies of scale inherent demised units which are larger or smaller than typical for the subject as these differences influence rental rates.

.

Land/Building Ratio

A uniform adjustment is applied to all of the comparables to reflect differences in land to building ratio, ie, the efficiency of land use

Effective Age

The effective age of Sale Six is significantly lower than the subject. It is adjusted downward.

Quality

The observed quality of interior finishes and building components varied between the comparables and the subject.

Condition

The condition of several of the comparable properties is superior to the subject. Sales One, Two, Three and Six are adjusted downward.

Parking

No adjustments warranted

The comparable sale data and adjustments are summarized in the spreadsheet below:

Adjustments to the Data	Subject	#1	#2	#3	#4	#5	#6
Rights Appraised		0	0	0	0	0	0
Adjusted Price		$1,975,000	$6,600,000	$2,500,000	$1,475,000	$1,100,000	$1,475,000
Financing Terms		$0	$0	$0	$0	$0	0
Adjusted Price		$1,975,000	$6,600,000	$2,500,000	$1,475,000	$1,100,000	$1,475,000
Conditions of Sale		$0	$0		0	$0	$0
Adjusted Price		$1,975,000	$6,600,000	$2,500,000	$1,475,000	$1,100,000	$1,475,000
Immediate Expenditures		$0	$0	0	$1,500,000	0	0%
Adjusted Price		$1,975,000	$6,600,000	$2,500,000	$2,975,000	$1,100,000	$1,475,000
Time:		8%	13%	3%	17%	14%	10%
Current Cash Equiv. Price		$2,125,230	$7,433,115	$2,569,672	$3,486,602	$1,258,869	$1,618,389
Adjusted Price/SF		$212.52	$402.84	$233.06	$244.67	$125.89	$212.81
Location:		0%	-25%	0%	0%	-10%	10%
Site Utility		0%	0%	0%	10%	10%	0%
Access		0%	0%	0%	0%	0%	0%
Size and Scale		-10%	-2%	-9%	-6%	-10%	-13%
SF/Unit		0%	1%	-3%	-5%	31%	1%
Lnd/Bldg:		-6%	-3%	-6%	-11%	-9%	9%
Effective Age:		0%	0%	0%	-10%	0%	-10%
Quality		-5%	-5%	-5%	-15%	0%	-5%
Condition:		-10%	-10%	-10%	-10%	0%	-5%
Parking:		0%	0%	0%	0%	0%	0%
Subtototal:		-32%	-44%	-33%	-46%	11%	-12%
Adjusted $/SF Building		$145	$226	$156	$131	$140	$186
	Building						
Mean $/sf	$164						
Max $/sf	$226						
Min $/sf	$131						
Variance mx/mn	1.73						
Mean 1,2,4	$167						
Mean exclu Hi/Lo	$155						
Concluded	$165						
Overall Value	$3,360,000						

I conclude that the sales comparison approach indicates values for the subject property of:

$/Bldg	x	Bldg Area	=	Value
$165 /sf	x	20,380 sf	=	$ 3,360,000

10. INCOME CAPITALIZATION APPROACH

A. Introduction

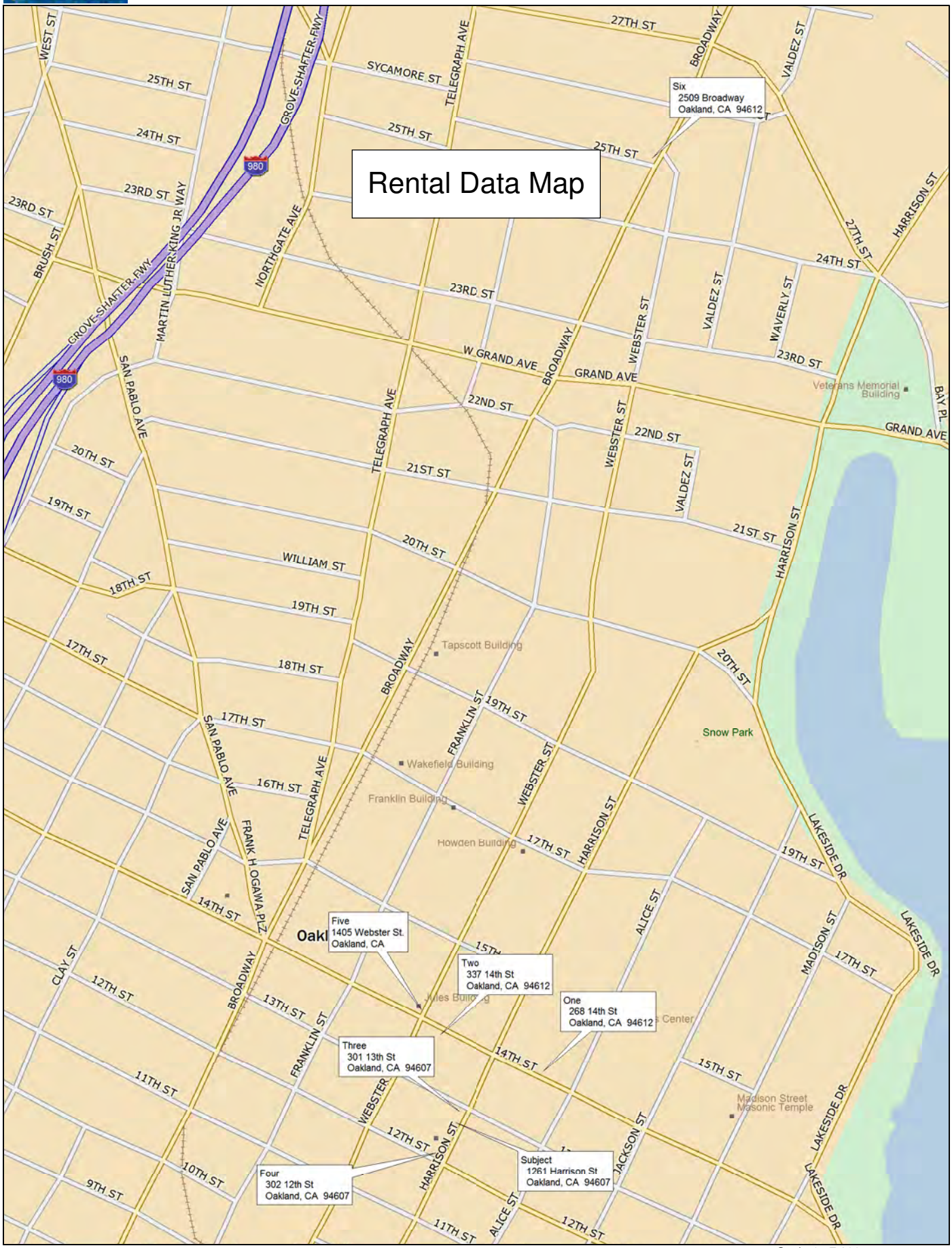
A number of the business tenants in the property have occupied their respective premises for 10 years, or longer, and this condition has in part contributed to a pattern of below market rents in the property, along with a lack of cosmetic maintenance of the exterior. In order to properly reflect the value of the property (subject to current lease contracts), market rents were estimated, and applied to those units which were either vacant or occupied on a month to month basis.

B. Rental Market Survey

A survey of recent leasing activity involving retail premises in central Oakland is summarized below.

Typical terms for retail space in this market vary, but in multi-unit properties competitive with the subject, terms are typically Industrial Gross, wherein tenants pay contract rent and utilities, and the landlord is responsible for all other operating expenses. Comparison between the comparable data and subject required adjustment for expenses paid by the tenant under differing lease terms.

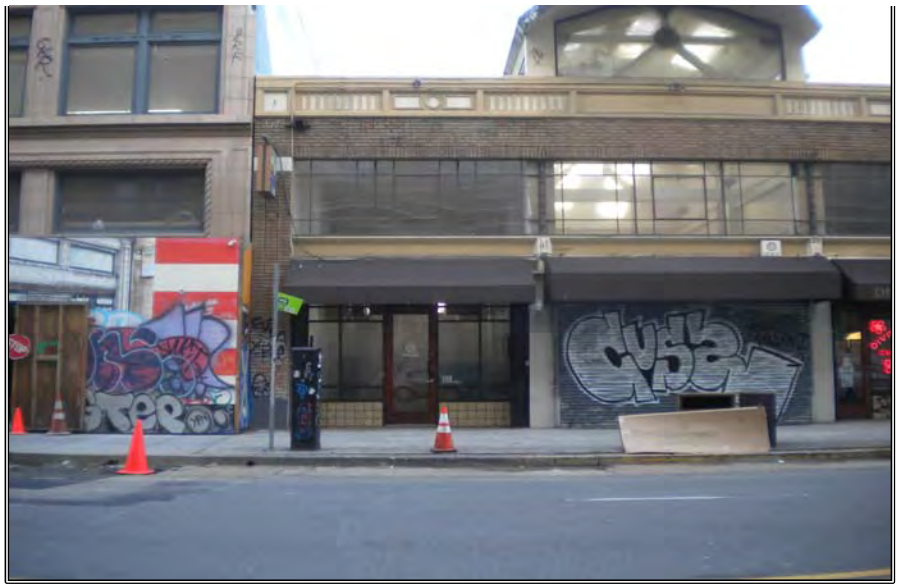
	Subject	One	Two	Three	Four	Five	Six
Location	**1261 Harrison St, Oakland**	**268 14th St, Oakland**	**337 14th St, Oakland**	**301 13th St, Oakland**	**302 12th St, Oakland**	**1405 Webster St. Oakland**	**2509 Broadway, Oakland**
Tenant Name	Subject	Whiplash Mrchdsg	Over Attired	Smiling South	Vacant	Cai Yun's Style	Blow in Blow out
	Leased	Leased	Leased	Leased	Listed	Leased	Leased
	3/1/2017	1/10/2017	9/1/2015	3/1/2015	1/1/2017	3/1/2015	5/1/2017
Premises SF:	1,964	1,766	1,170	2,476	1,837	1,510	1,722
Ground Floor	1,964	1,216	1,170	2,021	1,837	1,510	1,393
Mezzanine	0	550	0	455	0	0	329
Parking Ratio	0.0	0	0	0	0	0	0
Rate	$0.99	$1.42	$2.00	$1.21	$2.50	$1.70	$3.11
Expense Type	Gross	Gross	NNN	Gross	NNN	Gross	Gross
Effec Base Rate	$0.99	$1.42	$2.00	$1.21	$2.50	$1.70	$3.11
Est Exp/SF/Mo	$0.32	$0.15	$0.25	$0.32	$0.15	$0.35	$0.25
Gross Base Rate	$0.99	$1.42	$2.25	$1.21	$2.65	$1.70	$3.11
Term (Years)	2	3.16	1	3	5	2	7
Options	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	None
Escalation	$.08/sf/yr	3%/yr	CPI	n/a	Negotiable	None	3% annual
Concessions	None	2 mos free	None	None	Negotiable	None	3 mos free
TI's	As Is	As Is	As Is	As Is	As Is	None	As Is
Comments	Above SF is mean unit size, as are term & escalation	Strip retail on thoroughfare	Strip retail on thoroughfare	Corner unit in strip center	Storefront with offices above	Corner ground floor unit with offices above	In line retail on thoroughfare
Type Source	Owner	Broker	Broker	Broker	Broker	Broker	Broker



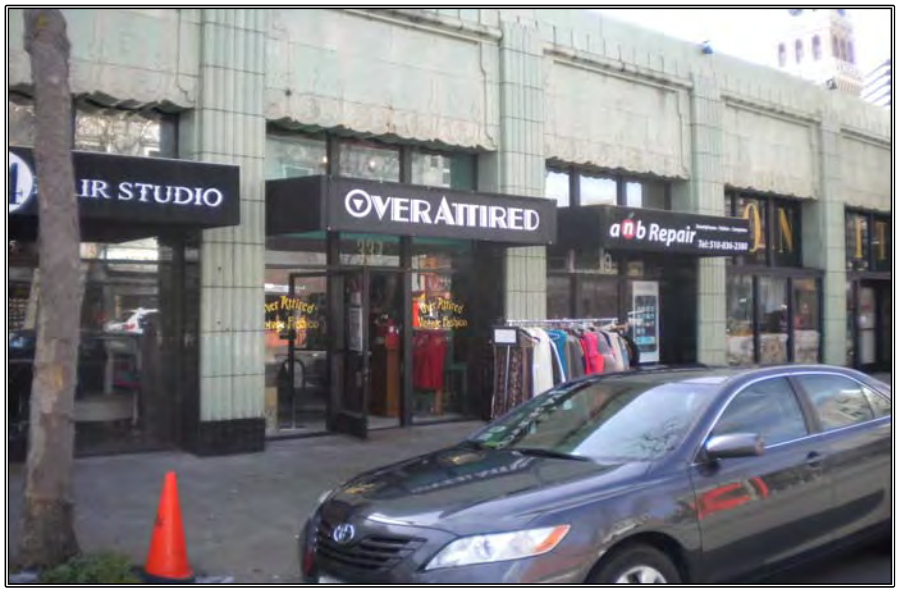
TN
MN (13.5°E)

Scale 1 : 7,200
1" = 600.0 ft
Data Zoom 14-7

Subject Property
1261 Harrison Street,
Oakland, California



Rental One
268 14th St, Oakland



Rental Two
337 14th St, Oakland

Rental Three
301 13th St, Oakland

Subject Property
Oakland, California

Rental Four
302 12th St, Oakland

Rental Five
1405 Webster St. Oakland

Rental Six
2509 Broadway, Oakland

The comparable lease data include a unit within the subject property (301 13th Street) in which the sitting tenant sought a new lease as of March 2015. In comparison with other units in the subject property, this premises has a superior corner location, but is of inferior overall quality (functionality) since it does not have its own restroom.

Rental Four (302 12th Street) is a lease offering within a multistory mixed use building with offices on upper floors. It is on the same block as the subject. The broker has recently leased one of the units at a rent discounted below asking in order to attract a bicycle/coffee shop to establish a focal point at this location.

The rental comparables are adjusted for differing characteristics which bear on their market rental value compared to the subject, as summarized below

Item	Subject	One	Two	Three	Four	Five	Six
Expenses	$0.32	$0.17	$0.25	$0.32	$0.15	$0.35	$0.25
Adjusted Rate	$0.99	$1.42	$2.25	$1.21	$2.65	$1.70	$3.11
Market Conditions	0.005	1%	9%	12%	-15%	12%	-1%
Adjusted Rate	$1.00	$1.43	$2.45	$1.36	$2.25	$1.90	$3.08
Adjust for Quality	Fair	-10%	-15%	20%	-15%	-15%	-15%
Adjusted Rate		$1.28	$2.08	$1.63	$1.91	$1.62	$2.62
Size		1%	4%	-3%	1%	2%	1%
Adjusted Rate		$1.30	$2.17	$1.59	$1.93	$1.66	$2.65
Adjust for TI's		0%	0%	0%	0%	0%	0%
Adjusted Rate		$1.30	$2.17	$1.59	$1.93	$1.66	$2.65
Parking		0%	0%	0%	0%	0%	0%
Adjusted Rate		$1.30	$2.17	$1.59	$1.93	$1.66	$2.65
Location		-10%	-10%	-10%	0%	-10%	-20%
Adjusted Rate		$1.17	$1.95	$1.43	$1.93	$1.49	$2.12
Mean Adjusted Rate	$1.68						

The mean adjusted rental rate is $1.68/sf. For premises within the subject which are occupied on a month to month basis, or are vacant, a rental rate of $1.60/sf per month on a gross basis is used to project forecast rental rate as of the date of value. For 317 13th Street, which is improved with a full kitchen (bakery), a gross market rental rate of $1.70/sf is used for forecasting purposes.

A forecast of annual rental income is presented on the following page.

Forecast Rental Income
1261 Harrison Street
Oakland, California

Suite No.	Tenant	Total SF	Curent Rent	Lease Mos	Mos. Remain	Adjusted Monthly **	Adjusted Annual Rent	Forecast Annual**
1261 Harrison St	Guang Nan & Quan Qin Shi	1,765	$1,900	72	35	$1,900	$22,800	$22,800
1269 Harriosn St	Connie M Chan & Christine Yuet Wong	1,119	$1,100	60	34	$1,100	$13,200	$13,200
301 13th St	Mandy Lam	2,566	$3,000	34	10	$3,000	$36,000	$38,212
315 13th St*	VACANT	2,332	$3,732	0	0	$3,732	$19,995	$19,995
317 13th St	Sandy Wong & Jack Tu	1,910	$2,750	60	0	$3,250	$39,000	$39,000
319 13th St	Fei Xiong Oin	2,506	$1,900	72	0	$4,000	$48,000	$48,000
323 13th St	Joana Tam	1,979	$1,900	60	34	$2,000	$23,100	$23,100
325 13th St *	VACANT	2,130	$3,400	0	0	$3,400	$40,800	$40,800
329 13th St	Xue Qiong Hung & Zhuoqin LI	1,487	$2,000	36	0	$2,400	$28,800	$28,550
333 13th St	VACANT	2,586	$4,138	0	0	$4,138	$49,652	$49,652
	Rentable Area (sf)	**20,380**	**$25,819**		**11**	$28,919	$321,347	
Annual			**$309,832**					**$323,309**

** Vacant Unit; market rent is entered here.*
*** Forecast rents for units occuped M/M or vacant are at market rates*

C. Operating Expenses

The current owners have operating the property for less than one year, and an operating statement was not available for review. Nonetheless, the cost of insurance premiums was reported by the ownership, and property and gross receipts tax are easily calculated using the applicable percentage rates. Fixed assessments are entered per the property tax bill. Management Costs are estimated at 4% of effective gross income, which is typical in this market. Repairs and Maintenance is estimated at 6% of effective gross income which is an appropriate level for an older building. Additional expense amounts are included for Professional Services and Miscellaneous.

Forecast Vacancy and Collection Loss is 5% which is reflective of current supply and demand conditions in this district.

The net operating income is capitalized at 5.5%. Analysis of the comparable sales indicates rates of 5.6% to 7.6%, averaging 6.5%. The most reliable of these are Sales One and Two, which are below 6%, but are also in superior locations. A review of (10) additional commercial building sales in central Oakland which were not included in the sales analysis showed a similar range of rates between 5% and 7.5%, and averaging 5.8%. Nearly all of these properties were in superior condition and/or locations, and this information

suggests an overall rate for the subject of below 6%, especially considering the occupancy of several of the subject units at below market lease rates for periods of three to five additional years.

Broad market data from the Real Estate Research Council (RERC) and the Korpacz Real Estate Investor survey also suggests that this selected rate is realistic, especially since these rates are pertinent to investment grade (Class A) properties which generate lower rates of return consistent with their reduced risk profile. The subject has a favorable location, but its physical characteristics place it in an inferior market tier.

D. Summary of Operating Income and Expenses and Capitalization of NOI

		Income Approach Summary			
			Per Rentable SF	Pct /Total	Appraisers
			20,380		Forecast
Income:		Scheduled Monthly Rental Income	$1.32		$26,942
		Monthly Parking			$0
		Subtotal			$26,942
		Gross Annual Forecast Rent	$15.86		$323,309
		Vacancy and Collection:		5.0%	($16,165)
Effective Gross Income:			$15.07		$307,144
Operating Expenses:			Per SF	Pct Total	Per Year
		AV Property Taxes:	$2.46	49%	$50,179.96
		Assessments	$0.14	3%	$2,850
		Bus. Lic Tax	$0.21	4%	$4,285
		Insurance:	$0.60	12%	$12,228
		Building Repairs & Maintenance:	$0.74	15%	$15,000
		Legal & Professional:	$0.25	5%	$5,000
		Professional Management:	$0.60	12%	$12,286
		Miscellaneous:	$0.05	1%	$1,000
Total Operating Expenses:			$5.05	100%	$102,828
		% of EGI:			33.48%
Net Operating Income:			$10.03		$204,316
Capitalization @			5.5%		
Income Approach Value:					**$3,714,832**
Prepared by Yovino-Young, Incorporated				Reproduction Rights Reserved	

I conclude that the income capitalization approach indicates an "as is" market value for the subject (under Premise i) as follows:

Indicated Value by Direct Capitalization: $3,715,000.

E. Premise ii – Value Upon Completion of Primary Upgrade Repairs

This appraisal premise (or assumption) is that "repair of construction deficiencies" as defined in the Soundness Report Requirements" have been completed. This assumption limits consideration of costs to repair to "Primary Upgrade Costs" as defined in those Requirements, presented in Exhibit C, and totaling $1,684,127. Expenditure of the costs of repair of the identified deficiencies will enhance the marketability of the property as a retail rental location to extent that a significant increase in market rents (above current levels) would be justified across all units within the complex. Application of this conclusion to an Income Capitalization Analysis suggests an overall value as follows:

		Income Approach Summary			
			Per Rentable SF	Pct /Total	Appraisers
			20,380		Forecast
Income:		Scheduled Monthly Rental Income	$2.00		$40,760
		Monthly Parking			$0
		Subtotal			$40,760
		Gross Annual Forecast Rent	$24.00		$489,120
		Vacancy and Collection:		5.0%	($24,456)
Effective Gross Income:			$22.80		$464,664
Operating Expenses:			Per SF	Pct Total	Per Year
		AV Property Taxes:	$3.90	57%	$79,563.25
		Assessments	$0.14	2%	$2,850
		Bus. Lic Tax	$0.32	5%	$6,482
		Insurance:	$0.60	9%	$12,228
		Building Repairs & Maintenance:	$0.74	11%	$15,000
		Legal & Professional:	$0.25	4%	$5,000
		Professional Management:	$0.91	13%	$18,587
		Miscellaneous:	$0.05	1%	$1,000
Total Operating Expenses:			$6.90	100%	$140,709
		% of EGI:			30.28%
Net Operating Income:			$15.90		$323,955
Capitalization @			5.5%		
Income Approach Value:					**$5,890,084**
Prepared by Yovino-Young, Incorporated				Reproduction Rights Reserved	

Under Premise ii the market value of the property is estimated to be:

$5,890,000.

F. Premise iii – Value Upon Completion of Primary & Secondary Upgrade Repairs.

This appraisal premise (or assumption) is that "repair of construction deficiencies and *(deferred)* maintenance", as defined in the Soundness Report Requirements", have been completed. This assumption limits consideration of costs to repair to "Primary Upgrade Costs" and "Secondary Upgrade Costs" as defined in those Requirements, presented in the Soundness Report, and totaling $3,077,669. Expenditure of the costs of repair of the identified deficiencies will enhance the marketability of the property as a retail rental location to the extent that a forecast of the highest feasible market rents would be justified across all units within the complex. Application of this conclusion to a Income Capitalization Analysis suggests an overall value as follows:

		Income Approach Summary			
			Per Rentable SF	Pct /Total	Appraisers
			20,380		Forecast
Income:		Scheduled Monthly Rental Income	$2.25		$45,855
		Monthly Parking			$0
		Subtotal			$45,855
		Gross Annual Forecast Rent	$27.00		$550,260
		Vacancy and Collection:		5.0%	($27,513)
Effective Gross Income:			$25.65		$522,747
Operating Expenses:			Per SF	Pct Total	Per Year
		AV Property Taxes:	$4.44	58%	$90,397.85
		Assessments	$0.14	2%	$2,850
		Bus. Lic Tax	$0.36	5%	$7,292
		Insurance:	$0.60	8%	$12,228
		Building Repairs & Maintenance:	$0.74	10%	$15,000
		Legal & Professional:	$0.25	3%	$5,000
		Professional Management:	$1.03	14%	$20,910
		Miscellaneous:	$0.05	1%	$1,000
Total Operating Expenses:			$7.59	100%	$154,678
		% of EGI:			29.59%
Net Operating Income:			$18.06		$368,069
Capitalization @			5.5%		
Income Approach Value:					**$6,692,171**

Under Premise iii the market value of the property is estimated to be:

$6,690,000.

11. SUMMARY OF CONCLUSIONS

The purpose of the appraisal is reiterated in order to introduce the conclusions:

The purpose of the appraisal is to form opinions of market value of the subject property under the premises as defined below:

i. Estimate market value of the property in its current condition under best practices management.

ii.Estimate market value after repair of construction deficiencies as defined in the Soundness Report Requirements at the 50% threshold.

iii.Estimate market value after repair of construction deficiencies and maintenance as defined in the Soundness Report Requirements at the 75% threshold.

v. After completion of the proposed demolition or removal.

i.	Market Value As Is:	Sales Comparison:	$3,360,000
		Income Capitalization:	$3,715,000
ii.	Market Value with Primary Upgrade repairs complete:	Income Capitalization:	$5,890,000
iii.	Market Value with Primary & Secondary Upgrade repairs complete:	Income Capitalization:	$6,690,000
v.	Market Value after removal of improvements:	Sales Comparison:	$7,000,000

The sales comparison approach is based on analysis of similar properties in the same market area as the subject. The analysis demonstrates that there is a market for this type of property and that meaningful value indices can be developed and applied to generate a consistent pattern of indicated overall values.

The income approach is supported by a track record of occupancy and a survey of competitive leased premises to arrive at credible forecast of income and expenses leading to an estimate of Net Operating Income for the subject property under the various valuation premises. This income is capitalized into an overall value using a market based rate of return. This is a standard methodology for valuing investment properties like the subject. The expected rate of return for this leased investment can be ascertained by comparing the property to other competitive investments with similar characteristics.

In the case of Premise i, in which both the income capitalization and sales comparison approaches were used, most emphasis is given to the income approach since the property is configured for tenant occupancy.

Thus, based on this investigation and analyses, it is my opinion that the market value of a Leased Fee Interest[8] in the property, subject to the Assumptions and Limiting Conditions contained in Section 4 of this report, as of March 1, 2017, and premised as described herein is:

i.	**Market Value As Is:**	**$3,600,000**
ii.	**Market Value: Primary Upgrade repairs complete**	**$5,890,000**
iii.	**Market Value: Primary & Secondary Upgrade repairs complete:**	**$6,690,000**
v.	**Market Value after removal of improvements:**	**$7,000,000**

B. Marketing Time & Exposure Period

In concluding at the opinions of market value for the subject property, marketing and exposure periods are analyzed. The exposure period is defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." Thus it is assumed to have occurred prior to the date of valuation.

In contrast, the marketing period is the estimated time that it would take competitive properties to sell subsequent to the date of valuation.

For the subject, a reasonable exposure period is concluded at 9-12 months. A marketing period of 12 months is concluded for typical properties similar to the subject (allowing time for typical marketing efforts, due diligence, and close of escrow).

[8] The property rights appraised under Premise v. are Fee Simple

12. CERTIFICATION

This appraisal is conveyed in an Appraisal Report format (USPAP 2-2). The signatory below certifies that, to the best of his or her knowledge and belief:

- the statements of fact contained in this report are true and correct.

- the property was personally inspected unless otherwise indicated by designating a signatory to this report as a "Supervising Appraiser".

- the reported analyses, opinions, and conclusions are limited only by the stated assumptions and limiting conditions, and are the personal, impartial, and unbiased work product of the named appraisers.

- there are no past, present, or prospective interests, adverse interests, or bias with respect to the property that is the subject of this appraisal, nor any personal interest with respect to the parties involved.

- the acceptance of, engagement in, and compensation for this assignment are not contingent upon developing or reporting a predetermined or stipulated result, a predetermined value or direction of value that may favor the cause of the client, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- the analyses, opinions, and conclusions were developed, and this report prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), and for members, the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The preparation and use of this report is subject to the requirements of the Appraisal Institute relating to review by duly authorized representatives.

- unless otherwise identified in this report, no one provided significant professional assistance to the persons signing this report.

- all appraisers licensed by the Office of Real Estate Appraisers (OREA) of the State of California are required to complete a minimum level of continuing education to be eligible for license renewal on specified dates. The signatories to this report are currently licensed and have met all current requirements of the Office of Real Estate Appraisers.

- as of the date of this report, signatories who are members of the Appraisal Institute have completed the requirements of the continuing education program and are currently recertified.

- As of the date of this report, Peter D. Overton, MAI, has completed the requirements under the continuing education programs of the Appraisal Institute.

- As of the date of acceptance of this assignment, the undersigned had not provided services as appraisers, nor in any other capacity, with respect to the subject property for the previous three years.

Attached as Exhibit E is a statement of the professional qualifications of the appraiser.

Thank you for providing us this opportunity to be of service. This report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and with our agreement and understanding of the nature and requirements of the appraisal assignment.

We will retain all relevant data and research material in file should you require further appraisal services concerning this property.

Peter D. Overton, MAI
Appraiser
Certified General R.E. Appraiser,
California State License No. AG002631

EXHIBIT A

Chicago Title Company

ISSUING OFFICE: 2150 John Glenn Drive, Suite 400 • Concord, CA 94520

FOR SETTLEMENT INQUIRIES, CONTACT: Chicago Title Company - Oakland
1 Kaiser Plaza, Suite 1305 • Oakland, CA 94612
510 451-8888 • FAX 510 465-0738

PRELIMINARY REPORT

Title Officer: Kevin Davis
Escrow Officer: Laurie Edwards
Escrow No.: 16-**58206639**-LE

Title No.: 16-**58206639**-KD
Locate No.: CACTI7701-7701-5582-0058206639

TO: Cushman & Wakefield
1290 Avenue of the Americas
New York, NY 10104

ATTN: Gregory Hunter

PROPERTY ADDRESS: 1261 Harrison Street, Oakland, California

EFFECTIVE DATE: February 5, 2016, 07:30 A.M.

The form of policy or policies of title insurance contemplated by this report is:

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

   A Fee as to Parcel(s) 1
   Easement(s) more fully described below as to Parcel(s) 2 and 3

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

   Wai Ho and Chun Mui Ho, Trustees of Wai Ho and Chun Mui Ho 2001 Revocable Trust dated May 22, 2001

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

   SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

MQ\AD 02/22/2016

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF OAKLAND, COUNTY OF ALAMEDA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

PORTION OF BLOCK 172, AS SAID BLOCK IS SHOWN ON KELLERSBERGER'S MAP OF OAKLAND ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF ALAMEDA COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHWESTERN LINE OF 13TH STREET, DISTANT THEREON SOUTH 63° 45' EAST 122.24 FEET FROM THE SOUTHEASTERN LINE OF WEBSTER STREET; RUNNING THENCE ALONG SAID LINE OF 13TH STREET SOUTH 63° 45' EAST 177.76 FEET TO THE NORTHWESTERN LINE OF HARRISON STREET; THENCE ALONG THE LAST NAMED LINE SOUTH 26° 15' WEST 84.93 FEET; THENCE NORTH 63° 45' WEST 177.84 FEET TO A LINE DRAWN SOUTH 26° 18' 26" WEST FROM THE POINT OF BEGINNING; THENCE NORTH 26° 18' 26" EAST 84.93 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

THAT CERTAIN EASEMENT, FOR DRIVEWAY AND PEDESTRIAN PURPOSES AND LIGHT AND AIR, APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 1 ABOVE DESCRIBED, GRANTED BY C. H. KING ESTATE COMPANY, A CORPORATION, TO HAROLD HESKINS AND MARTHA HESKINS, BY DEED DATED AUGUST 27, 1945, RECORDED September 5, 1945 IN BOOK 4777 OFFICIAL RECORDS, PAGE 103, WHICH EASEMENT AFFECTS THE REAL PROPERTY DESCRIBED AS FOLLOWS:

PORTION OF BLOCK 172, AS SAID BLOCK IS SHOWN ON KELLERSBERGER'S MAP OF OAKLAND ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF ALAMEDA COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHEASTERN LINE OF WEBSTER STREET, DISTANT THEREON SOUTH 26° 15' WEST 100.10 FEET FROM THE SOUTHWESTERN LINE OF 13TH STREET; RUNNING THENCE ALONG SAID LINE OF WEBSTER STREET SOUTH 26° 15' WEST 11.46 FEET; THENCE SOUTH 63° 45' EAST 99.87 FEET; THENCE NORTH 26° 15' EAST 1.62 FEET; THENCE SOUTH 63° 45' EAST 105.08 FEET; THENCE NORTH 26° 17' 45" EAST 4.95 FEET; THENCE SOUTH 63° 45' EAST 95.05 FEET TO THE NORTHWESTERN LINE OF HARRISON STREET; THENCE ALONG THE LAST NAMED LINE NORTH 26° 15' EAST 20.06 FEET; THENCE NORTH 63° 45' WEST 177.84 FEET TO A LINE DRAWN SOUTH 26° 18' 26" WEST FROM A POINT ON THE SOUTHWESTERN LINE OF 13TH STREET, DISTANT THEREON SOUTH 63° 45' EAST 122.24 FEET FROM THE SOUTHEASTERN LINE OF WEBSTER STREET; THENCE SOUTH 26° 18' 26" WEST 15.17 FEET TO A LINE DRAWN SOUTH 63° 45' EAST FROM THE POINT OF BEGINNING; THENCE NORTH 63° 45' WEST 122.14 FEET TO THE POINT OF BEGINNING.

PARCEL 3:

THAT CERTAIN RIGHT TO USE THE EXISTING BRICK WALL ALONG AND CONTIGUOUS TO THE WESTERN BOUNDARY LINE OF THE LAND DESCRIBED ABOVE AS PARCEL 1, RESERVED IN THE DEED BY C.H. KING ESTATE COMPANY, A CORPORATION, TO OAKLAND TITLE INSURANCE AND GUARANTY COMPANY, A CORPORATION, DATED December 4, 1944 AND RECORDED December 5, 1944 IN BOOK 4651 OF OFFICIAL RECORDS AT PAGE 98.

APN: 002-0063-002-00

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2016-2017.

2. Property taxes, including any personal property taxes and any assessments collected with taxes are as follows:

Code Area:	17-022
Tax Identification No.:	002-0063-002-00
Fiscal Year:	2015-2016
1st Installment:	$21,093.88, Paid
2nd Installment:	$21,093.88, Open
Exemption:	$0.00
Land:	$1,230,275.00
Improvements:	$1,653,280.00
Personal Property:	$0.00
Bill No.:	01328400

3. Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.

4. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

5. A notice that said Land is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the redevelopment plan) as disclosed by a document

Recording Date:	December 3, 2007
Recording No.:	2007-409569 of Official Records
Redevelopment Agency:	The Redevelopment Project Area for the Central District

6. A deed of trust to secure an indebtedness in the amount shown below,

Amount:	$600,000.00
Dated:	October 25, 2013
Trustor/Grantor:	Wai Ho and Chun Mui Ho aka Chun Mai Lau, Trustees of Wai Ho and Chun Mui Ho 2001 Revocable Trust dated May 22, 2001
Trustee:	Zions First National Bank
Beneficiary:	Zions First National Bank
Loan No.:	9001
Recording Date:	November 1, 2013
Recording No.:	2013351175 of Official Records

7. An assignment of all the moneys due, or to become due as rental, as additional security for the obligations secured by deed of trust shown

Recording Date:	November 1, 2013
Recording No.:	2013351176 of Official Records
Assigned to:	Zions First National Bank

8. Any invalidity or defect in the title of the vestees in the event that the trust referred to herein is invalid or fails to grant sufficient powers to the trustee(s) or in the event there is a lack of compliance with the terms and provisions of the trust instrument.

If title is to be insured in the trustee(s) of a trust, (or if their act is to be insured), this Company will require a Trust Certification pursuant to California Probate Code Section 18100.5.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

9. We find various Liens and Judgments that are of record against persons with similar or the same name as that of the vestee(s) shown herein. In order to complete this report, the Company requires a Statement of Information to be provided for the following vestee(s), which may allow and assist in the elimination of some or all of the said liens and judgments. After review of the requested Statement of Information, the Company reserves the right to add additional items or make further requirements prior to the issuance of any Policy of Title Insurance.

Vestee(s): Wai Ho & Chun Ho & Chun Lau

NOTE: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file.

EXHIBIT B

1261 Harrison Street
Oakland, CA

Soundness Report Costing

October 10, 2017

tbd consultants
111 Pine Street, Suite 1315
San Francisco, CA 94111

415.981.9430 phone (main)

www.tbdconsultants.com

Prepared for:

Lowney Architecture

360 17th Street, Suite 200
Oakland, CA 94612

510.836.5400

TABLE OF CONTENTS

BASIS OF ESTIMATE

PROJECT DESCRIPTION

The project involves an existing single story commercial building at 1261 Harrison Street in Oakland, California.

The building structure is comprised of loadbearing masonry perimeter walls, with a wood framed roof structure, with interior wood posts. The building is ten bays long x six bay wide, with a typical bay being 17'-6" wide.The perimeter walls are approximately 24'-0" high to the top of the parapet. There are no interior load bearing walls The interior of the building is subdvidied by non-load-bearing partitions to create a series of retail units.

This report considers the costs of three categories of work used to assess the feasibility of repairing the buiilding within the parameters of a 'Soundness Report'. The categories are as follows:

Replacement Cost

Primary Upgrades (50% Upgrade Cost)

Secondary Upgrades (75% Upgrade Cost)

The costs indicated are as defined in the City of Oakland Soundness Report Requirements and do not necessarily represent the full scope and cost of repairs and upgrades that might be required to bring the building to a fully restored state.

REFERENCE DOCUMENTATION

Documents:

Page & Turnbull restoration drawings	(6 sheets)
MEP zone plans	(2 sheets)
MEP narrative	(13 pages)
BBA, Inc. Haz-Mat report (dated Dec. 21, 2016)	(85 pages)
SGH Structural report (dated April 4, 2017)	(69 pages)
Fire & Life Safety report (dated April 18, 2017)	(70 pages)
Soundness report extract	(2 pages)

MEETINGS / DISCUSSIONS

E-mail / phone discussions with Lowney Architecture staff and Page & Turnbull.

BASIS OF ESTIMATE

KEY BUILDING CRITERIA

Gross Floor Area:		
First floor	14,780	
Mezzanine	5,600	
Total floor area	**20,380**	**GSF**
Perimeter:	515	LF
No. of Storys:	One, w/ mezzanines	
Height:	Approx. 24'-0" to top of parapet	

BASIS FOR PRICING

Subcontractor's markups have been included in each line item unit price. Markups cover the cost of field overhead, home office overhead and subcontractor's profit. Subcontractor's markups typically range from 15% to 25% of the unit price depending on market conditions.

General Contractor's/Construction Manager's Site Requirement costs are calculated on a percentage basis. General Contractor's/Construction Manager's Jobsite Management costs are also calculated on a percentage

General Contractor's/Construction Manager's overhead and fees are based on a percentage of the total direct costs plus general conditions, and covers the contractor's bond, insurance, site office overheads and profit.

Unless identified otherwise, the cost of such items as overtime, shift premiums and construction phasing are not included in the line item unit price.

This cost estimate is based on standard industry practice, professional experience and knowledge of the local construction market costs. TBD Consultants have no control over the material and labor costs, contractors methods of establishing prices or the market and bidding conditions at the time of bid. Therefore TBD Consultants do not guarantee that the bids received will not vary from this cost estimate.

CONTINGENCY

Construction Contingency ***N/A*** (to be carried elsewhere in Owner's Budget)

The Construction Contingency is carried to cover the unforeseen during construction execution and Risks that do not currently have mitigation plans. As Risks are mitigated, Construction Contingency can be reduced, but should not be eliminated.

A Market Conditions Factor has not been included to reflect the current bidding climate where we should expect multiple bids for each trade. An owners contingency has not been included in this construction cost estimate, but it is advised that the owner carry additional contingency to cover scope change, claims and delays.

CONSTRUCTION DURATION

A preliminary duration of 12 months for construction has been assumed.

ESCALATION

Escalation has been **excluded** from the estimate. All costs represent "Today's Dollars".

EXCLUSIONS

- Land acquisition, feasibility, and financing costs.
- All Owner soft costs.
- All professional fees and insurance.
- Site or existing condition survey investigation costs.
- Overtime, 2nd shift and lost productivity premiums - except where specifically identified.
- Construction or occupancy phasing (current assumption is a single construction phase in a vacant building).
- Owners Construction Contingency for scope changes and market conditions at time of bid.

ITEMS THAT MAY AFFECT THIS ESTIMATE

Such items include, but are not limited to the following:

Modifications to the scope of work subsequent to the preparation of this estimate
Unforeseen existing conditions
Compression of planned construction schedule
Special requirements for site access, off-hour work or phasing activities
Restrictive technical specifications, excessive contract or non-competitive bid conditions
Sole source specifications for materials, products or equipment
Bid approvals delayed beyond the anticipated project schedule

KEY CRITERIA

AREA TABULATION

BUILDING Gross Floor Areas (GFA)

Location	AREA	Height (flr-flr)	Comment
First Floor	14,780	22.00	approx. 21'-4" to ceiling
Mezzanine	5,600		
TOTAL SF	**20,380 SF**	**25'-0" LF to parapet**	Areas are approximate

OVERALL SUMMARY

Gross Square Feet: 20,380

REPLACEMENT COST	$	$ / SF	TOTAL $	COMMENTS
TOTAL REPLACEMENT COST				
Replacement Cost	3,384,294	166.06		
TOTAL REPLACEMENT COST			**3,384,294**	

UPGRADE COST COMPARISON	$	$ / SF	DELTA $	COMMENTS
PRIMARY UPGRADES				
Full Value of Primary Upgrades	1,684,127	82.64		
50% Value of Replacement Cost	1,692,147	83.03		
Primary - 50% Replacement =	(8,020)		**(8,020)**	**Primary < 50% of Replacement Cost**
PRIMARY + SECONDARY UPGRADES				
Full Value of Primary Upgrades	1,684,127	82.64		
Full Value of Secondary Upgrades	1,393,542	68.38		
Subtotal	3,077,669	151.01		
75% Value of Replacement Cost	2,538,221	124.54		
(Primary + Secondary) - 75% Replacement =	539,448		**539,448**	**Primary + Secondary > 75% of Replacement Cost**

Soundness Report Costing **GSF :** 20,380

REF	DESCRIPTION	QUANTITY	UoM	UNIT RATE	TOTAL	COMMENTS
1	**REPLACEMENT COST**					
2						
3						
4	M - Market (Retail Sales) Type III construction	20,380	GSF	137.49	**2,802,046**	*from City of Oakland Valuation*
5						*Guide, effective Jan. 1, 2017*
6						
7	**SUBTOTAL - DIRECT CONSTRUCTION COST**				**2,802,046**	
8						
9	Permit Fees				66,000	
10	Contractor's OH&P (not to exceed 18%)			18%	516,248	
11						
12						
13	**TOTAL REPLACEMENT COST**				**3,384,294**	**$166.06 / SF**
1	**PRIMARY UPGRADES**					
2						
3						
4	**Building Permit Application**					
5						
6	2.6% of 75% of Construction Valuation	0.0195	LS	3,384,294	65,994	
7						
8						
9	**Provision of Garbage storage / removal facilities**					assume 50SF/unit, ten units existing
10						
11	Dumpster enclosure consisting of CIP concrete slab on grade, CMU walls (assume 8'-0") and steel gates	500	SF	114.00	57,000	
12						
13						
14	**Upgrading of Existing Alley-facing Doors & Windows to 1-hour rated**					
15						
16	Replace Doors w/ 1-hour rated assemblies	9	PR	10,800.00	97,200	new doors, frame, fire caulk/seal
17	Replace windows w/ 1-hour rated assemblies	18	EA	5,400.00	97,200	new window, frame, fire caulk/seal
18	Fire sprinklers - deluge sprinklers at alley windows	18	EA	600.00	10,800	
19						
20						
21	**Upgrading of electrical wiring not conforming to regulation in effect at the time of installation**					
22						
23	New main service incoming from Street	1	EA	36,000.00	36,000	
24	Allowance based on gross building area for upgrading wiring, panel boards, user convenience outlets and lighting systems. (existing sub-divided electrical not code-compliant at time of instalation)	20,380	GSF	26.40	538,032	existing conditions are not code compliant
25						
26						
27	**Upgrading of plumbing and drainage not conforming to regulation in effect at the time of installation**					check description
28						
29	Provide Unisex toilet rooms at all Units	10	EA	36,000.00	360,000	
30						
31	Survey / replace sewer laterals out to street sanitary sewer, including trenching and backfill	10	EA	12,000.00	120,000	
32	Replace paving and interior floor slab	10	LOC	4,500.00	45,000	
33						
34						
35	SUBTOTAL - DIRECT CONSTRUCTION COST				1,427,226	
36						
37	Contractor's OH&P (not to exceed 18%)	18%			256,901	includes insurance/bonding
38						
39	**TOTAL PRIMARY UPGRADES**				**1,684,127**	**$82.64 / SF**

Soundness Report Costing **GSF :** 20,380

REF	DESCRIPTION	QUANTITY	UoM	UNIT RATE	TOTAL	COMMENTS
1	**SECONDARY UPGRADES**					
2						
3						
4	**Repair of fire resistive construction and fire protection systems required at time of construction, inlcuding plaster and sheetrock where fire separation is required and smoke detectors, fire sprinklers and fire alarms where required**					
5						
6	Repair fire-resistive partition wall construction between units	16,215	SF	2.10	34,052	allowance based on demising wall area
7	Fire sprinklers - wet system, complete	20,380	GSF	8.40	171,192	no fire pump assumed
8	Fire sprinklers - deluge sprinklers at alley windows - see upgrading alley doors/ windows to fire-rated above					
9	Fire alarm system / smoke detectors	20,380	GSF	4.80	97,824	
10	New incoming Water service from street water main	10	EA	9,600.00	96,000	
11						
12						
13	**Repair ventilation equipment, including bathroom fans, where operable windows are not provided, if not working**					
14						
15	Bathroom ventilation fans and associated ductwork/roof penetrations	15	EA	3,600.00	54,000	
16	Kitchen / cooking area ventilation fans and associated ductwork/roof penetrations	5	EA	5,400.00	27,000	
17	New incoming Gas service form street gas main	10	EA	12,000.00	120,000	
18	Replace building water / hot water system	20,380	GSF	7.20	146,736	
19						
20						
21	**Eliminate structural hazards in ceilings, roofs, and other horizontal members due to deterioration**					
22						
23	Remove / replace existing ceilings to access above-ceiling areas for removal of hazards or bracing of existing utilities	20,380	SF	12.00	244,560	
24						
25						
26	**Repair proper weather protection, including exterior coverings such as paint and roof coverings, and windows and doors due to lack of maintenance**					
27						
28	Exterior wall repair	9,000	SF	24.00	216,000	approx. area of walls affected
29	Window repairs	1	LS	161,112.00	161,112	59 windows total
30	Door repairs	1	LS	34,200.00	34,200	22 doors total
31	Roof coverings	14,780	SF	12.00	177,360	allowance for selective repair
32						
33						
34	SUBTOTAL - DIRECT CONSTRUCTION COST				1,180,968	
35						
36	Contractor's OH&P (not to exceed 18%)	18%			212,574	includes insurance/bonding
37						
38	**TOTAL SECONDARY UPGRADES**				**1,393,542**	**$68.38 / SF**

EXHIBIT C

City of Oakland
Bureau of Building
Construction Valuation[1]
For Building Permits[4]
Effective January 1, 2017

Planning and Building Department
Dalziel Administration Building
250 Frank Ogawa Plaza - 2nd Floor
Oakland, CA 94612
510-238-3891

		Construction	Level Ground		Hillside Construction[2]		Marshall & Swift December 2016
Occ.	Description[3]	Type	New	Remodel	New	Remodel	Section pg (Class/type)
R3	Single Family Residence	V	$236.52	$122.99	$307.48	$159.89	Section 12 pg 25 (C/e)
	Duplex/Townhouse	V	$196.12	$101.98	$254.95	$132.58	Section 12 pg 31 (C/e)
	Factory/Manufactured home	V	$73.45	$38.19	$95.49	$49.65	Section 63 pg 9 (Exc)
	Finished Habitable Basement Conversion	V	$125.58	$65.30	$163.25	$84.89	Section 12 pg 26 (CDS/g)
	Convert non-habitable to habitable	V	N/A	$125.58	N/A	$163.25	Section 12 pg 26 (CDS/g)
	Partition Walls (s.f.)	V	N/A	$17.23	N/A	$22.39	Section 52 pg 1 (6"wall)
	Foundation Upgrade (l.f.)	V	$113.10	NA	$147.03	NA	Section 51 pg 2 (R/24x72.)
	Patio/Porch Roof	V	$28.60	$14.87	$37.18	$19.33	Section 66 pg 2 (Wood)
	Ground Level Decks	V	$18.53	$9.63	$24.08	$12.52	Section 66 pg 2 (100sf/avg)
	Elevated Decks & Balconies	V	$34.13	$17.75	$44.36	$23.07	Section 66 pg 2 (100sf/+1 story)
U1	Garage	V	$43.73	$22.74	$56.85	$29.56	Section 12 pg 35 (C/a600)
	Carport	V	$35.75	$18.59	$46.48	$24.17	Section 12 pg 35 (D/a4car)
	Retaining wall (s.f.)	III	$37.05	NA	$48.17	NA	Section 55 pg 3 (12"reinf./h)
R2	Apartment (>2 units)	I & II	$195.00	$101.40	$253.50	$131.82	Section 11 pg 18 (B/g)
		III	$175.50	$91.26	$228.15	$118.64	Section 11 pg 18 (Cmill/g)
		V	$148.20	$77.06	$192.66	$100.18	Section 11 pg 18 (D/g)
	Non-Residential Occupancy						
A	Church/Auditorium	I & II	$310.62	$161.52	$403.81	$209.98	Section 16 pg 9 (B/g)
		III	$223.28	$116.10	$290.26	$150.93	Section 16 pg 9 (B/a)
		V	$207.48	$107.89	$269.72	$140.26	Section 16 pg 9 (S/g)
A	Restaurant	I & II	$265.33	$137.97	$344.93	$179.36	Section 13 pg 14 (A-B/g)
		III	$204.36	$106.27	$265.67	$138.15	Section 13 pg 14 (C/g)
		V	$191.89	$99.78	$249.46	$129.72	Section 13 pg 14 (D/g)
B	Restaurant <50 occupancy	V	$170.35	$88.58	$221.46	$115.16	Section 13 pg 17 (C/a)
B	Bank	I & II	$265.32	$137.96	$344.91	$179.35	Section 15 pg 21 (B/a)
		III	$214.05	$111.30	$278.26	$144.69	Section 15 pg 21 (C/a)
		V	$201.29	$104.67	$261.68	$136.07	Section 15 pg 21 (D/a)
B	Medical Office	I & II	$298.29	$155.11	$387.77	$201.64	Section 15 pg 22 (A/g)
		III	$288.82	$150.19	$375.47	$195.24	Section 15 pg 22 (B/g)
		V	$235.95	$122.69	$306.74	$159.50	Section 15 pg 22 (C/g)
B	Office	I & II	$196.25	$102.05	$255.12	$132.66	Section 15 pg 17 (B/a)
		III	$142.04	$73.86	$184.65	$96.02	Section 15 pg 17 (C/a)
		V	$134.30	$69.84	$174.59	$90.79	Section 15 pg 17 (D/a)
E	School	I & II	$255.80	$133.02	$332.54	$172.92	Section 18 pg 14 (A-B/g)
		III	$200.51	$104.27	$260.67	$135.55	Section 18 pg 14 (C/g)
		V	$193.21	$100.47	$251.17	$130.61	Section 18 pg 14 (D/g)
H	Repair Garage	I & II	$218.37	$113.55	$283.89	$147.62	Section 14 pg 33 (MSG 527C/e)
		III	$211.86	$110.17	$275.42	$143.22	Section 14 pg 33 (MLG 423C/e)
		V	$203.87	$106.01	$265.03	$137.81	Section 14 pg 33 (MLG 423D/e)
I	Care Facilities / Institutional	I & II	$220.73	$114.78	$286.95	$149.21	Section 15 pg 22 (B/a)
		III	$178.89	$93.02	$232.56	$120.93	Section 15 pg 22 (C/a)
		V	$170.63	$88.73	$221.81	$115.34	Section 15 pg 22 (D/a)
M	Market (Retail sales)	I & II	$170.77	$88.80	$222.00	$115.44	Section 13 pg 26 (A/g)
		III	$137.49	$71.49	$178.73	$92.94	Section 13 pg 26 (C/g)
		V	$130.20	$67.70	$169.25	$88.01	Section 13 pg 26 (D/g)
S	Industrial plant	I & II	$186.23	$96.84	$242.09	$125.89	Section 14 pg 15 (B/a)
		III	$145.89	$75.86	$189.65	$98.62	Section 14 pg 15 (C/a)
		V	$130.25	$67.73	$169.32	$88.05	Section 14 pg 15 (D/a)
S	Warehouse	I & II	$115.30	$59.95	$149.89	$77.94	Section 14 pg 26 (A/g)
		III	$108.60	$56.47	$141.18	$73.41	Section 14 pg 26 (B/g)
		V	$106.52	$55.39	$138.48	$72.01	Section 14 pg 26 (Cmill/g)
S	Parking Garage	I & II	$91.53	$47.60	$118.99	$61.88	Section 14 pg 34 (A/g)

[1] Cost per square foot, unless noted otherwise. (l.f. = linear foot; s.f. = square foot); includes 1.3 regional multiplier (see Secc. 99 pg 6 December 2016 Marshall & Swift)

[2] Hillside construction = slope >20%; multiply by additional 1.3 multiplier

[3] Remodel Function of New Construction is a 0.52 multiplier.

[4] Separate structures or occupancies valued separately.

[5] Separate fees assessed for E/P/M permits, R.O.W. improvements, Fire Prevention Bureau, Grading Permits, technology enhancement, records management, Excav. & Shoring.

EXHIBIT D

Exhibit D - Mills Act Property Tax Abatement Program

The California State Board of Equalization's letter to County Assessor's and Interested Parties, entitled "Guidelines for the Assessment of Enforceably Restricted Historical Property", dated 6/2/2005, explains in detail how this tax abatement program is structured.

For purposes of this program, the assessed value of the property is determined by an income capitalization process using specified income and expense components resulting in an annual net operating income which is then capitalized at a composite overall rate comprised of several components as specified in the "Guidelines". The capitalized value is then used to determine the Ad Valorem tax liability under the Mills Act Contract.

The benefit to the property owner under the contract can be determined by comparing the current tax liability with that under the Mills Act Contract. In this case, the current assessed value of the property is $5,900,000 following the reassessment of property upon the recent recorded sale (closing June 9, 2016) under the terms of Proposition 13. Based on the foregoing, the tax abatement amount for the first year of the Mils Act contract is estimated at $47,964. With allowance for annual tax assessment increases under Proposition 13, the total abatement would be ±$525,000, and the estimated present value would be ±$350,000. The calculations are as follows:

"As Is" Income Capitalization for Base Assessed Value under Mills Act Contract				
		Per Rentable SF	Pct /Total	Appraisers
		20,380		Forecast
Income:	Scheduled Monthly Rental Income	$1.32		$26,942
	Monthly Parking			$0
	Subtotal			$26,942
	Gross Annual Forecast Rent	$15.86		$323,309
	Vacancy and Collection:		5.0%	($16,165)
Effective Gross Income:		$15.07		$307,144
Operating Expenses:		Per SF	Pct Total	Per Year
	Fixed Assessments	$0.14	5%	$2,850
	Bus. Lic Tax	$0.21	8%	$4,285
	Insurance:	$0.60	23%	$12,228
	Building Repairs & Maintenance:	$0.74	28%	$15,000
	Legal & Professional:	$0.25	9%	$5,000
	Professional Management:	$0.60	23%	$12,286
	Miscellaneous:	$0.05	2%	$1,000
Total Operating Expenses:		$2.58	100%	$52,648
	% of EGI:			17.14%
Net Operating Income:		$12.49		$254,496
Capitalization @		10.8%		
Income Approach Value:				**$2,349,252**
Prepared by Yovino-Young, Incorporated			Reproduction Rights Reserved	

Notes:

Capitalization Rate

Interest Rate Component	3.7500%
Risk Component	2.0000%
AV Tax Rate Component	1.3508%
Amortization Component	3.7323%
Total Capitalization Rate	10.8331%

Interest Rate Component:	As published by the State Board of Equalization (SBE) as of 9/15/2016
Risk Component:	As specified in the SBE "Guidelines"
AV Tax Rate Component:	Current Ad Valorem Tax Rate for Subject Property
Amortization Component:	Based on "As Is" remaining economic life 20 years (5% annual) prorated to reflect 75% allocation of overall value to improvements (based on analysis of comparable sales)

Amount of Tax Abatement

Current Assessed Value	$5,900,000
Mills Act Assessed Value	$2,349,252
Difference	$3,550,748
Current AV Tax Rate	1.3508%
Tax Abatement Year 1	$47,964

Present Value of Tax Abatement

Year	Tax Abatement
1	$47,964
2	$48,923
3	$49,901
4	$50,899
5	$51,917
6	$52,956
7	$54,015
8	$55,095
9	$56,197
10	$57,321
Total	$525,187
Present Value @ 8%	$348,031

Discount rate of 8% based on review of broad market surveys of property investors (RERC, PWC)

EXHIBIT E

PROFESSIONAL QUALIFICATIONS
PETER D. OVERTON

PROFESSIONAL CREDENTIALS

Certified General Real Estate Appraiser (License No. AG002631)
Recertified to 08/12/18 BREA, State of California

Designated Member of the Appraisal Institute
MAI; Appraisal Institute #11878
Qualified as Expert Witness - Alameda County Superior Court

EDUCATION

Department of Architecture, MIT, Cambridge, Massachusetts, 1964-65.
B.A. Knox College, Galesburg, Illinois, 1965-1969

Professional Courses Completed:

AIREA - Real Estate Appraisal Principles Course 1A1	1986
AIREA - Basic Valuation Procedures Course 1A2	1987
AI - Capitalization; Theory & Techniques 1B_A	1991
AI - Capitalization; Theory & Techniques 1B_B	1991
AI - Case studies in Real Estate Valuation 2-1	1992
AI - Report Writing & Valuation Analysis 540	1994
AI - Eminent Domain Seminar	1995
IRWA - Easement Valuation	1996
IRWA - Legal Aspects of Easements	1996
AI - Detrimental Conditions	1998
McKissock - Regression Analysis	1999
AI - USPAP 410-420	2000
AI - Highest and Best Use / Market Analysis	2005

EXPERIENCE

All types of appraisal assignments in the San Francisco Bay Area with an emphasis on commercial, industrial, office, complex residential, and special purpose properties.

1986-1987 Mitch Durell & Associates Real Estate Appraisers

1987-1989 Dawson & Jones Inc. Real Estate Appraisals

1989-1990 Clyde Standley & Associates, Real Estate Appraisers

1990-Present Senior Appraiser
Yovino-Young Incorporated, Berkeley, California

Page & Turnbull

Historical Assessment

Appendix B

DATE	July 6, 2017	PROJECT NO.	17046
TO	Mark Donahue mark@lowneyarch.com 510.388.7653	PROJECT NAME	301-33 13th Street/1231-69 Harrison Street Oakland
OF	Lowney Architecture 360 17th Street, Suite 200 Oakland, California 94612	FROM	Katherine Wallace, Architectural Historian
CC	File	VIA	Email

HISTORIC CONSULTATION FOR 301-33 13TH STREET/1231-69 HARRISON STREET

I. INTRODUCTION

This memorandum was produced at the request of Lowney Architecture regarding the historic status and significance of the building at 1261 Harrison Street. The subject building is referred to by its Harrison and Webster addresses in this memorandum. However, the full address range of the subject building is: 301-33 13th Street/1231-69 Harrison Street. The building is located on APN 2-63-2 and was built in 1916-17. The building part of the King Block, a National Register-eligible commercial block of five buildings developed between 1904 and 1922 by lumber baron turned property developer Charles H. King.[1] The block is bound by 12th Street to the south, Webster Street to the west, 13th Street to the north, and Harrison Street to the east. The King Block has been identified by the City of Oakland as being an "Area of Primary Importance." As such, any impacts to 1261 Harrison Street would likely extend to the whole district.

This memorandum includes property-specific research for 1261 Harrison Street to supplement the existing State of California Department of Parks and Recreation (DPR) 523 historic survey form, including a summary of the previous historic evaluations, a construction chronology, supplemental information about the original architect and original owner, and an outline of character-defining features. The existing DPR forms for the King Block are attached at the end of this memorandum for reference.

[1] The King Block contains one alley and five buildings: 300-10 12th Street/2101 Harrison Street (built 1904); 312-32 12th Street (built 1913); 334-44 12th Street/1200-14 Webster Street (built 1922); 337-47 13th Street/1218-26 Webster Street (built 1906-07, remodeled 1913); 301-33 13th Street/1231-69 Harrison Street (built 1916-17).

Figure 1. Assessor's map of the subject block containing 1261 Harrison Street Street (outlined). North is up.
Source: Alameda County Assessor's Office. Edited by Page & Turnbull.

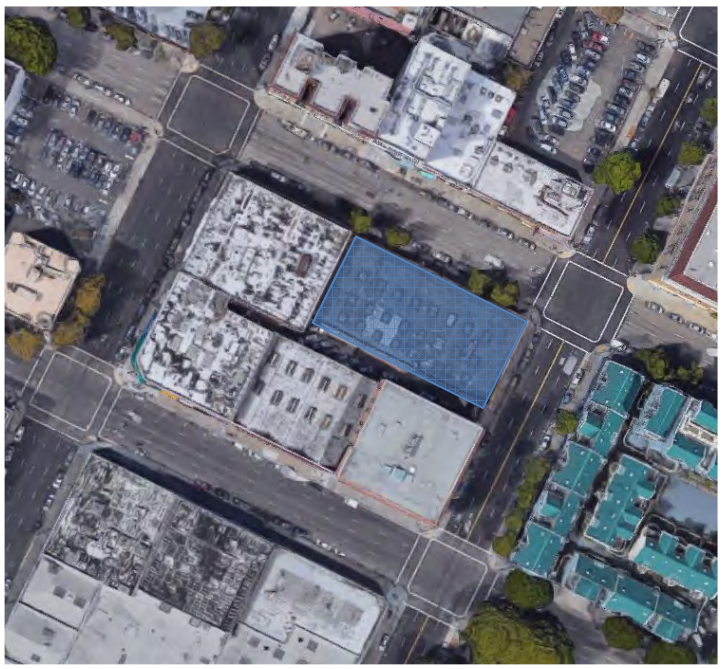


Figure 2. 1261 Harrison Street (blue). North is up.
Source: Google Maps, 2016. Edited by Page & Turnbull.

II. HISTORIC SIGNIFICANCE OF 1261 HARRISON STREET

PREVIOUS HISTORIC STUDIES

The following section includes summaries of the established historic status of the subject property.

(Table 1).

Evaluations and Findings	1261 Harrison Street
Listed in National Register of Historic Places?	No
Listed in California Register of Historical Resources?	No
National Register Status Code/CA Historical Resources Status Code?	Yes (3D)
DPR 523A Primary Record Forms prepared by Oakland Cultural Heritage Survey (OCHS)?	Yes (C1+)
Within an Area of Primary Importance (API)?	Yes
Historic Resources under Lake Merritt Station Area Plan?	Yes
Historic Resources under AC Transit East Bay Rapid Transit Project?	Yes
City of Oakland Preservation Study List	Yes
Historical Resource under CEQA?	**Yes**

National Register of Historic Places

The National Register of Historic Places (National Register) is the nation's most comprehensive inventory of historical resources. The National Register is administered by the National Park Service and includes buildings, structures, sites, objects, and districts that possess historic, architectural, engineering, archaeological, or cultural significance at the national, state, or local level.

1261 Harrison Street is not currently listed in the National Register.

California Register of Historical Resources

The California Register of Historical Resources (California Register) is an inventory of significant architectural, archaeological, and historical resources in the State of California. Resources can be listed in the California Register through a number of methods. State Historical Landmarks and National Register-listed properties are automatically listed in the California Register. Properties can also be nominated to the California Register by local governments, private organizations, or citizens. The evaluative criteria used by the California Register for determining eligibility are closely based on those developed by the National Park Service for the National Register of Historic Places.

1261 Harrison Street is not currently listed in the California Register.

California Historic Resources Information System (CHRIS)

Properties listed or under review by the state of California office of historic preservation are assigned a California Historical Resource Status Code (CHRSC) of "1" to "7" to establish their historical significance in relation to the National Register of Historic Places (National Register) or California Register of Historical Resources (California Register). Properties with a Status Code of "1" or "2" are either eligible for listing in the California Register or the National Register, or are already listed in one or both of the registers. Properties assigned Status Codes of "3" or "4" appear to be eligible for listing in either register, but normally require more research to support this rating. Properties assigned a Status Code of "5" have typically been determined to be locally significant or to have contextual importance. Properties with a Status Code of "6" are not eligible for listing in either register. Finally, a Status Code of "7" means that the resource has not been evaluated for the National Register or California Register, or needs reevaluation.

1261 Harrison Street (labeled as 301 13th Street) is listed in the California Historic Resources Information System (CHRIS) database for Alameda County, which means the evaluation documents for both buildings have been formally submitted to the State of California Office of Historic Preservation. Both buildings were recorded in 1995 with a National Register Status Code of "3D," which meant "Appears eligible as a contributor to a fully documented [National Register] district."[2]

DPR 523A Primary Record Forms

1261 Harrison Street (labeled as 301 13th Street) and other adjacent buildings in the King Block group have been documented by The Oakland Cultural Heritage Survey in DPR 523A Primary Record forms as part of the King (Charles H.) Building Group (King Block). The Oakland Cultural Heritage Survey prepared thorough forms for the subject buildings in 1982, 1985 and 1994.[3] The forms include a physical description of each of the five King Block buildings and alley, historic photographs, block map, and statement of historical and architectural significance.

1261 Harrison Street is designated with an Oakland Cultural Heritage Survey rating of "C1+." "C" means the building is of "secondary importance." "1" means the building is located "in an Area of Primary Importance." The "+" designation means that the building is a contributor to an area's importance. The DPR 523A forms emphasize that 1261 Harrison Street is "distinguished by the rhythmic quality of its arcade, and appears eligible for the National Register as a contributory element in the Charles H. King Building Group."

Lake Merritt Station Area Plan

The Lake Merritt Station Area Plan, adopted in July 2014, is a Specific Plan for the roughly one-half mile radius around the Lake Merritt BART Station in Downtown Oakland. The subject buildings fall within the defined Lake Merritt Station Area (referred to as the Planning Area). Section 7.1 of the Plan

[2] The status codes were converted to California Historical Resource Status Codes (CHRSC) in 2003, and "3D" is now defined: "appears eligible for the NR [National Register] as a contributor to an HR eligible district through survey evaluation."

[3] The documents are largely identical; information is provided in slightly rearranged formats with additional images.

focuses solely on historic resources. The King Block is specified as one of seven Areas of Primary Importance, and the two subject buildings are individually specified as Historic Resources.

1261 Harrison Street is labeled as "C- Secondary Importance" and 1218 Webster Street is labeled as "B-Major Importance."[4] Both buildings are labeled as "Properties considered significant under CEQA."[5]

AC Transit East Bay Bus Rapid Transit Project Third Addendum: Historic Properties Inventory and Evaluation

The Third Addendum, published in January 2014, documents the identification and evaluation of historic-era architectural resources within areas recently added to the project's architectural Area of Potential Effects (APE). The purpose of the document is to assist AC Transit and Federal Transit Administration (FTA) to comply with applicable sections of the National Historic Preservation Act of 1966 and the implementing regulations of the Advisory Council on Historic Preservation as these pertain to federally-funded undertakings and their effects on historic properties. It also seeks to help AC Transit to comply with requirements of the California Environmental Quality Act (CEQA) as it pertains to historical resources.

Because the subject buildings at 1261 Harrison Street did not fall within the architectural APE, it was not individually documented. However, the significance of the entire block was addressed: "East of the Oakland Downtown Historic District is the King Building Group Historic District, which includes five contributing buildings and King Alley, all located within one city block bounded by Harrison, Webster, 12th and 13th streets. The National Register-eligible district is significant under Criterion A, for its association with the local King Estate Company. It is also significant under Criterion C as an early example of a modern Chicago-influenced commercial block and for its layout and organization across an entire city block. The period of significance for this district is 1904 and 1922." [6]

City of Oakland Preservation Study List

The subject building is included on the City of Oakland Preservation Study List. The Landmarks Board maintains a Preservation Study List of properties that are likely Landmark candidates, or that are placed on the Study List because there is concern about their preservation. There are about 400 properties on the Study List.

CEQA Historical Resource Status

1261 Harrison Street is considered a historic resource for the purpose of CEQA environmental review because it is a contributor to a City of Oakland API.

ARCHITECTURAL DESCRIPTIONS AND ALTERATIONS

The two connected buildings at 1261 Harrison Street is located on APNs 2-63-2 was constructed in 1916-17. It is one of the five buildings that make up the "King Block," named after lumber baron

4 These labels are reflected in Figure 7.1 of the Lake Merritt Station Area Plan. p7-4.
5 This finding is reflected in Figure 7.2 of the Lake Merritt Station Area Plan. p7-5.
6 JRP Historical Consulting, AC Transit East Bay Bus Rapid Transit Project Third Addendum: Historic Properties Inventory and Evaluation (January 2014) p26.

turned property developer Charles H. King. Despite the range of building dates (1904-1922), the five buildings and bisecting alley are believed to have been thoughtfully planned as a unit from the start. The buildings possess individual character yet fit cohesively together as an urban block.[7]

1261 Harrison Street

1261 Harrison Street was constructed in 1916-17. The original building permit recorded the architects as C.W. Dickey and J.J. Donovan and the builder as Schnebly Hostrawser. The one-story brick masonry building features semicircular arcade window walls with ten bays on 13th Street and five bays on Harrison Street.[8] The compound arches are topped with scrolled keystones. The arches are supported by brick piers with terra cotta Tuscan caps. The spandrels include ornamental rectangular terra cotta panels. Projecting brick courses along the top of the building form a shallow cornice that sits above a frieze and architrave; above the cornice is a flat parapet. The Oakland Cultural Heritage Survey notes that the restrained ornamentation is Renaissance/Baroque in style.

Although the original storefront doors have been replaced with aluminum, most retain original black and white tiled splash panels and multiple-light clerestories set within the arches. The storefronts are recessed; some retain ground tilework. The building is largely unaltered from its original design.

The alley that runs along the south side of the subject building serves as a delivery corridor today. The provision of the alley through the center of the block (where no original alley existed) suggests that the development of the King Block from 1904-1922 followed a preconceived plan. The Webster Street alley entry is through the far left semi-elliptical arched ground floor bay of 334-44 12th Street/1200-14 Webster Street. The Harrison Street alley entry is through the far left square bay set into the façade of 301-33 13th Street/1231-69 Harrison Street. Both entries have iron gates. The common brick-clad walls of the alley have tall segmental arched door and window openings. The first-story openings of 1261 Harrison Street are tripartite in composition. While the first-story openings have been filled in, second-story window openings remain operable. Ghost signs of old painted advertisements are still visible. The Oakland Cultural Heritage Survey states: "Such alleys were uncommon in Oakland, the presence of this particular alley and its incorporation into two of the buildings directly reflects the block's development under a single owner and the planned nature of that development."[9]

Permit History

Below is a summary of building permits on file at the Oakland Zoning and Planning Commission. The listed permits have been limited to new development and exterior alteration (interior tenant improvements excluded) **(Tables 2 and 3)**.

[7] The block was partially developed prior to its purchase and redevelopment by King. A full site history is beyond the scope of this memorandum.

[8] The south-most bay is a square opening providing access to the alley. The arched bay to the right is set slightly apart from both the square bay and the remaining connected bays to the north.

[9] Oakland Cultural Heritage Survey, King Block DPR 523A Primary Record Form (March 31, 1985) p17.

Table 2. Summary of Building Permits for 1261 Harrison Street

Date Filed	Permit Application #	Scope of Alterations
12/8/1916	44292	Permit for a one-story brick building. Cost of $22,370
1/1/1925	A37163	Replace show window at 317 13th Street
12/31/1926	422889	Alter storefront of 305 13th Street. Cost of $1,000
12/26/1961	C1572	Change door openings, change trim on windows. Cost of $4,000
7/14/1965	C24091	Change glass and install new aluminum doors. Cost of $2,500
10/6/1987	E8704362	Repairs
8/24/1990	P9003261	Repairs
2/1/1996	B9600419	Seismic retrofit of URM building

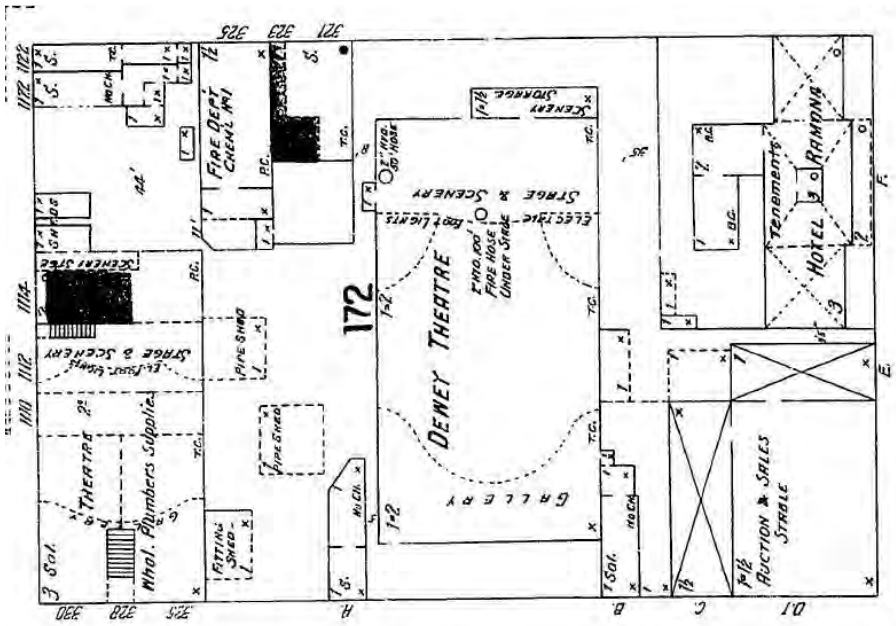


Figure 3. 1903 Sanborn Fire Insurance Co. map, v. 2, sheet 146. North is up. Source: San Francisco Public Library.

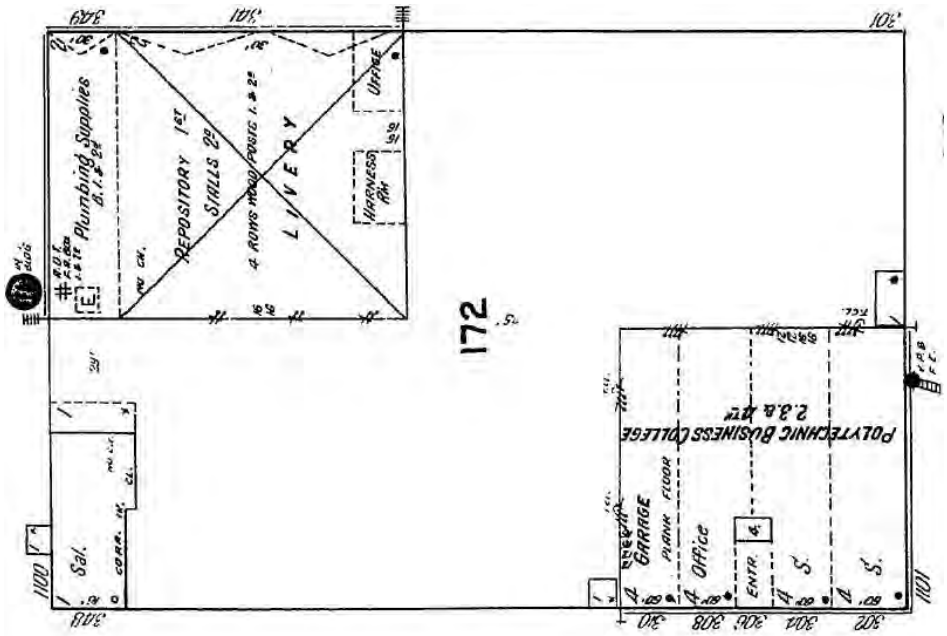


Figure 4. 1911 Sanborn Fire Insurance Co. map, v. 2, sheet 152. North is up. Source: San Francisco Public Library.

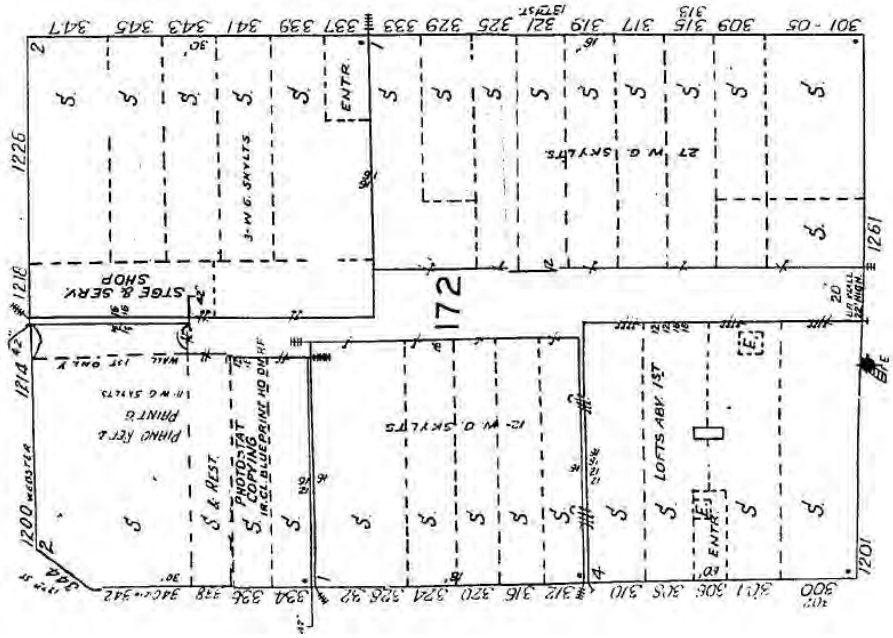


Figure 5. 1950 Sanborn Fire Insurance Co. map, v. 2, sheet 152. North is up. Source: San Francisco Public Library.

Figure 6. 1261 Harrison Street, c.1935. Source: Rogers-Cohen Collection, Oakland Museum.

Figure 7. 1261 Harrison Street, January 1982. Source: 1985 King Block DPR523A Primary Record Form, p12.

Figure 8. Alley entrance from Harrison, October 1981. Source: 1985 King Block DPR523A Primary Record Form, p12.

Figure 9. Corner bay of 1261 Harrison Street, October 1981. Source: 1985 King Block DPR523A Primary Record Form, p12.

Figure 10. Alley looking west, October 1981. Source: 1985 King Block DPR523A Primary Record Form, p13.

SUPPLEMENTAL HISTORIC CONTEXT TO DPR FORMS

The following sections provide additional historic information about the original architects, builders, and owners of 1261 Harrison Street to elaborate on the information provided in the DPR523 forms (attached at the end of this memorandum).

Architect and Builder Biographies

1261 Harrison Street

1261 Harrison Street was constructed in 1916-17. The original building permit recorded the architects as C.W. Dickey (1871-1942) and J.J. Donovan (1876-1949). The builder was Schnebly Hortauser. Dickey and Donovan are known to have worked in partnership from 1916-1917. During this time, the pair designed the Temescal, Melrose, 23rd Ave. and Golden Gate Branch libraries.

J. J. Donovan, born in Massachusetts, MA, received a Bachelor of Science from Massachusetts Institute of Technology in 1896. In 1903, he worked as the Construction Superintendent of the Singer Building in New York. He came to Oakland around 1911 as a member of the New York firm of Palmer, Hornbostle and Jones to supervise the $2 million construction of the new City Hall building. Donovan later became an expert on school architecture, writing the book, *School Architecture*. Additionally, he served as one of three architectural consultants working on the San Francisco-Oakland Bay Bridge. He served as President of the American Institute of Architects, Northern California Chapter, from 1919-1933.[10]

10 J.J. Donovan buildings in Oakland include: City of Oakland City Hall (1912-1914); Oakland Library Temescal (1918); Oakland Library Golden Gate Branch (1918); Oakland Municipal Auditorium, Clawson School, Oakland Technical High School (1912-13); Pacific Nash Motor Company (1928-29).

C.W. Dickey, born in Alameda, CA, attended high school in Oakland before obtaining his architecture degree from the Massachusetts Institute of Technology. Throughout his career Dickey designed residential, civic, and commercial buildings. He is known to have worked with Clinton Briggs Ripley and E.A.P Newcomb in Hawaii, where many of his buildings are listed on the National Register of Historic Places. Dickey returned to Oakland at the end of 1904 and opened his own architecture firm between the approximate years 1905 to 1923.[11]

Original Owners

City tax assessment records note that the subject parcels were purchased by Charles H. King from A.C. Dietz sometime between mid-1903 and mid-1904. Prior to his involvement in property development, Charles H. King was a wheat and lumber baron. Having purchased redwood stands along the coast with business partner Joseph Russ, King sold out to lumberman William Carson in 1884. He brought his money to Oakland and he decided to go into ranching. He bought and sold a ranch in the Salinas Valley and used those profits to delve into real estate development in Oakland.

In 1908, King formed the King Estate Company to develop and manage the family's real estate holdings. He served as President while his son Joseph served as secretary. King had two sons (Charles Jr. and Joseph) and one daughter (Pearl).[12] King died in 1913, at which time his widow Kate took over operations as president. City directories indicate this arrangement was maintained until at least 1924, by which time King Block was fully developed.

CHARACTER-DEFINING FEATURES

For a property to be eligible for national, state, or local designation under one of the significance criteria, the essential physical features (or character-defining features) that enable the property to convey its historic identity must be evident. To be eligible, a property must clearly retain enough of those characteristics, and these features must also retain a sufficient degree of integrity. Character-defining features can be expressed in terms of form, proportion, structure, plan, style, materials and ornamentation.[13]

---

[11] C.W Dickey buildings in Oakland include: the Claremont Hotel (1905); The Oakland Bank of Savings Building (1907-08); 3824 Balfour Avenue (1911); the Rotunda Building (Kahn's Department Store)(1913); Oakland Library 23rd Avenue Branch (1918); Oakland Library Temescal (1918); Oakland Library Golden Gate Branch (1918); Pacific Gas & Electric Company Building (1921); University High School (1922).

[12] King's children were successful of their own accord. Joseph King became a director of the Bank of America, president of the Marchant Calculating Machine company, president of the Oakland Chamber of Commerce, and founder of the Downtown Property Owners Association. He also remained involved in the management of the King Estate Company. Charles Jr. formed the Special Site Sign Company, and is also thought to have invented moving billboards. Pearl became a radio personality, most notably as "Mother Sherwood" on the show "Hawthorne House."

13 Unless otherwise noted, photos were taken by Page & Turnbull, October 2016.

1261 Harrison Street

Based on the research and site visit performed by Page & Turnbull, the character-defining features of 1261 Harrison Street include:

- One-story height
- Ten-bay width along 13th Street and four-bay width (plus alley entrance) along Harrison Street
- Recessed storefront entries with ground tilework
- Blond brick cladding
- Brick composite arches with scrolled keystones
- Multi-lite windows in the arches
- Brick pilasters with Tuscan capitals
- Terra cotta decorative panels
- Brick architrave, frieze, shallow cornice, and parapet
- Arched door and window openings at rear of building, visible from alley

Figure 11. North-facing façade of 1261 Harrison Street.

Figure 12. North-facing façade of 1261 Harrison Street.

Figure 13. North-facing façade of 1261 Harrison St.

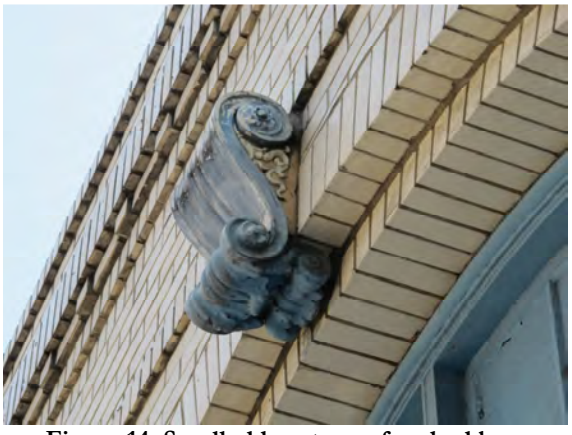


Figure 14. Scrolled keystone of arched bay.

Figure 15. Recessed storefront entry.

Figure 16. Recessed storefront entry with ground tilework.

Figure 17. East facing façade of 1261 Harrison Street.

Figure 18. Detail of bay arches and spandrel.

Figure 19. Terra cotta decorative panel.

Figure 20. Terra cotta Tuscan pilaster capital.

Figure 21. Scrolled arch keystone on Harrison facade (less elaborate than 13th Street façade keystones).

Figure 22. 1261 Harrison Street alley entrance.

Figure 23. Segmented arched door and window openings.

Figure 24. Segmented arched door and window openings.

Rear Alley

The character-defining features of the rear alley include:

- Alley dimensions
- Gated entrances from Harrison Street

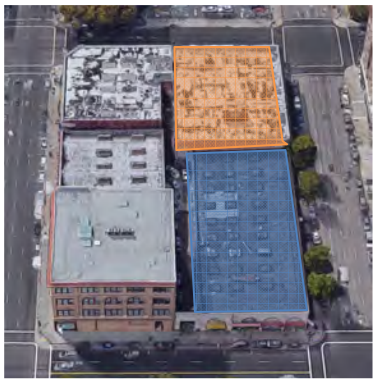


Figure 25. 1261 Harrison Street (blue) and 1218 Webster Street (orange) with rear alley. North is right. Source: Google Maps, 2016. Edited by Page & Turnbull.

Figure 26. East alley entrance from Harrison Street.

Figure 27. West alley entrance from Webster Street.

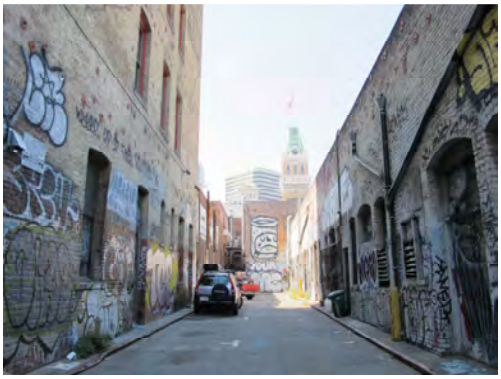


Figure 28. Alley view looking west.

Appendix: Oakland Cultural Heritage Survey DPR 523A Primary Record Forms

Appendix 1: 1982 DPR 523A…24 pages
Appendix 2: 1985 DPR 523A…19 pages

State of California — The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

HISTORIC RESOURCES INVENTORY

Ser. No. _____
HABS ___ HAER ___ NR 3 SHL ___ Loc ___
UTM: A 10/564470/4183920 B _____
C _____ D _____

IDENTIFICATION

1. Common name: King (Charles H.) Building Group
2. Historic name: Same
3. Street or rural address: (i) 300-310 12th Street/1201 Harrison Street; (ii) 312-332 12th Street; (iii) 334-344 12th Street/1200-1214 Webster Street; (iv) 337-347 13th Street 1218-1226 Webster Street; (v) 301-333 13th Street/1231 Harrison St.; (vi) alley
   City Oakland Zip 94612 County Alameda
4. Parcel number: Multiple
5. Present Owner: Multiple Address: _____
   City _____ Zip _____ Ownership is: Public _____ Private X
6. Present Use: commercial and offices Original use: Same

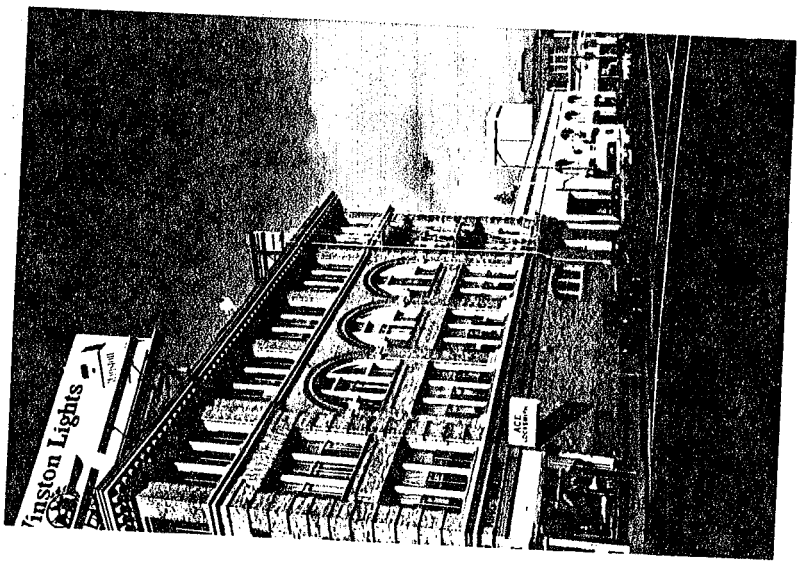
DESCRIPTION

7a. Architectural style: Early 20th century commercial with Renaissance/Baroque ornamentation

7b. Briefly describe the present *physical description* of the site or structure and describe any major alterations from its original condition:

A group of five attached brick commercial buildings and an alley built between 1904 and 1922, together fully occupying the block bounded by 12th, Webster, 13th and Harrison Streets. Although heights vary from one to four stories, the buildings are visually related by zero setbacks, similar widths, pressed brick surfaces, skeletal articulation, Renaissance/Baroque ornamentation and the lack of any vacant lots or other intrusions. The prominent use of arcades on three of the buildings is another unifying element. The alley entrances are masked by being set within the facades of two of the buildings.

The buildings and alley are described on separate Continuation Sheets.



Construction date:
Estimated _____ Factual 1904-22

Architect Multiple

Builder Multiple

Approx. property size (in feet)
Frontage 300 Depth 200
or approx. acreage _____

Date(s) of enclosed photograph(s)
1982

13. Condition: Excellent ___ Good X Fair ___ Deteriorated ___ No longer in existence ___

14. Alterations: Various to storefronts and windows

15. Surroundings: (Check more than one if necessary) Open land ___ Scattered buildings ___ Densely built-up X
Residential ___ Industrial ___ Commercial X Other: ___

16. Threats to site: None known X Private development ___ Zoning ___ Vandalism ___
Public Works project ___ Other: ___

17. Is the structure: On its original site? X Moved? ___ Unknown? ___

18. Related features: None

SIGNIFICANCE

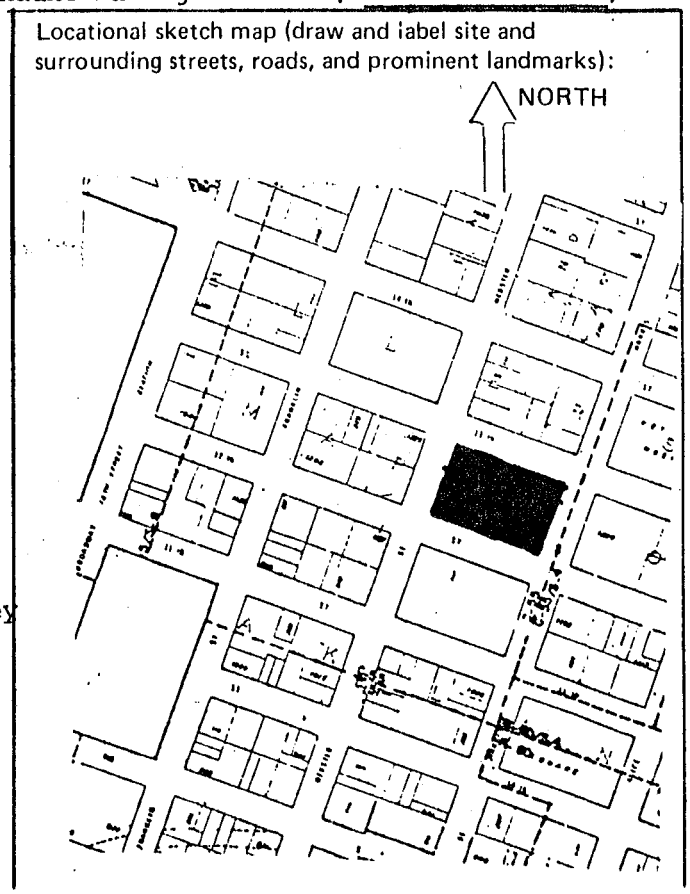
19. Briefly state historical and/or architectural importance (include dates, events, and persons associated with the site.)

The five buildings and alley that comprise the King Group were developed between 1904 and 1922 by the Charles H. King family and constitute the principal surviving Oakland structures associated with wheat and lumber baron Charles H. King and his locally prominent descendants. In addition, the group provides a good and somewhat unusual example of an early 20th century downtown development project that was carried out in phases.

The other Oakland structure closely identified with King was his sprawling Queen Anne mansion at the southwest corner of 6th Avenue and East 11th Street which was demolished in the mid-1970's. During the 19th and early 20th centuries, the mansion had been a local showplace and the scene of major social activities, including lavish balls accompanied by the Palace Hotel orchestra.[1] (See continuation sheet no. 1)

1 Unless otherwise indicated, all information on Charles H. King and his family was obtained from the Knave,"Memories Haunt Fading Mansion", Oakland Tribune, August 15, 1971, p. 19-cm.

Locational sketch map (draw and label site and surrounding streets, roads, and prominent landmarks):



20. Main theme of the historic resource: (If more than one is checked, number in order of importance.)
Architecture 2 Arts & Leisure ___
Economic/Industrial 1 Exploration/Settlement ___
Government ___ Military ___
Religion ___ Social/Education ___

21. Sources (List books, documents, surveys, personal interviews and their dates).
Building Permits
City tax assessment records
City directories
"The Knave," Oakland Tribune, 8/15/1971, p. 19-cm

22. Date form prepared March 31, 1982
By (name) Staff and Consultants
Organization Oakland Cultural Heritage Survey
Address: City Planning Dept., City Hall
City Oakland, CA Zip 94612
Phone: (415) 273-3941

(Continued)

21. Merritt,History of Alameda County,1928, v. 2, p. 464
Davis,Commercial Encyclopedia,1914,p. 222
Blake,Greater Oakland,1911,pp. 322-27
Architect and Engineer, 10/1904,p.46
Wente, "The Oakland Theatre 1890-1915", Oakland Library,1965,pp.15,29, 33-35,42-43,46-50.

Street or rural address: (i) 300-310 12th Street/1201 Harrison Street; (ii) 312-332 12th Street; (iii) 334-344 12th Street/1200-1214 Webster Street; (iv) 337-347 13th Stree 1218-1226 Webster Street; (v) 301-333 13th Street/1231 Harrison Street (vi) alley

City Oakland Zip 94612 County Alameda

19. Claiming the French philosopher Jean Jacques Rousseau as a grandfather, King told the story of his mother being sent to Quebec as a girl by Rousseau to escape future political upheavals in France. In Quebec, she met a Frenchman named Leroi; the name was anglicized to "King" when they married in New York. King came to California in 1859, teaching school for a time in Sonoma and Butte Counties. Heading for the East Bay, he became ill and was taken in by Victor Castro of the El Cerrito area rancho. King remained with Castro for three years, learning to work the land. The experience made a lasting impression. Next, King bought redwood stands along the north coast, together with San Francisco's Joseph Russ. At that time, he met and married Kate Brown. King was forced to sell out to lumberman William Carson (of Eureka's famed Carson House), and brought his money to Oakland in 1884, deciding to go into ranching. He started work about this time on the 6th Avenue house, which eventually achieved its mansion proportions as a result of additions. Later in 1884 he bought a 30,000 acre wheat ranch in the Salinas Valley, at the site of the present-day King City -- a name bestowed on the location in 1886 by the Southern Pacific Railroad against King's wishes. King sold the ranch in 1897 due to a lack of interest in the property by his two sons, Charles, Jr. and Joseph. With the sale of the ranch, King's money went into the development of Oakland real estate, most notably the subject block, which appears to have become the new family project. City tax assessment records indicate that King had purchased the block from A. C. Dietz some time between mid-1903 and mid-1904. The block was originally part of the old four-block College of California site developed in the 1860's (see SHRI form) and at the time of King's purchase contained at least two of the old college buildings, College Hall at the northwest corner of 12th and Harrison and the former Brayton Hall, later the Dietz Opera House, at the northeast corner of 12th and Webster.

The first structure King built on the block was the King Building at 300-310 12th Street in 1904, which was followed by the Gates Stables Building at 337-347 13th Street/1218-1226 Webster Street in 1906-07, 312-322 12th Street in 1913, 301-333 13th Street/1231 Harrison Street in 1916-17 and finally the Dietz Building at 334-344 12th Street/1200-1214 Webster Street in 1922. The provision of the alley through the center of the block (see Item (vi) below) where no such feature had originally existed suggests that the block's ultimate development had been undertaken in accordance with a preconceived plan.[2] In 1908, King formed the King Estate Company to develop and manage the family's real estate holdings, with himself as president and his son Joseph as secretary. King had died by 1913, at which time his widow, Kate, took over as president with Joseph continuing as secretary and manager, an arrangement which the city directories indicate was maintained until at least 1924, after the block was fully developed.

2 The year 1908 is indicated for the formation of the Estate Company by its first appearance in the 1909 directory and as block owner in the 1908 block book.

(Continued)

King's children, Charles Jr., Joseph and Pearl, achieved considerable success on their own. In addition to managing the King Estate Company, Joseph King became a director of the Bank of America, president of the Marchant Calculating Machine Company, president of the Oakland Chamber of Commerce, president of the Athenian-Nile Club (see SHRI form for 400-410 14th Street), and a founder of the Downtown Property Owners Association. Charles Jr. formed the Special Site Sign Company and is believed to have invented moving billboards. Pearl King married Ernest Tanner and as Pearl King Tanner became a familiar figure in early radio, most notably as "Mother Sherwood" on the show "Hawthorne House".

Individual statements of significance for the buildings and alley are included on separate Continuation Sheets.

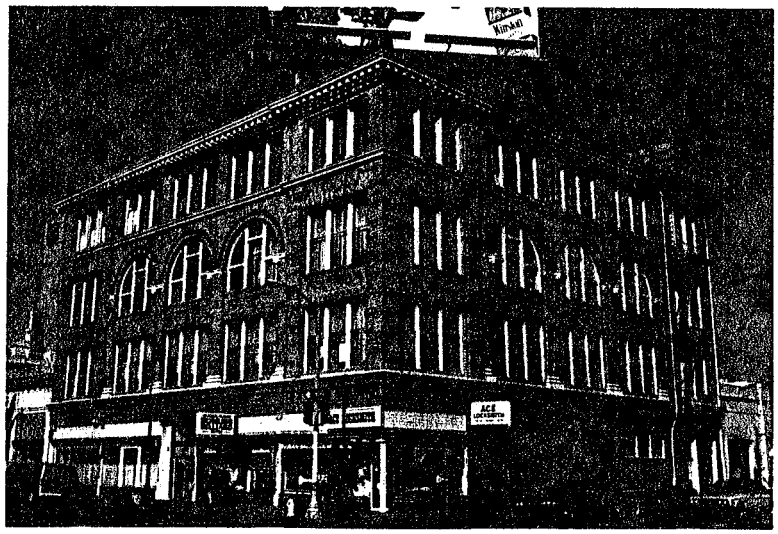
Street or rural address: (i) 300-310 12th Street/1201 Harrison Street; (ii) 312-322 12th Street; (iii) 334-344 12th Street/1200-1214 Webster Street; (iv) 337-347 13th Str 1218-1226 Webster Street; (v) 301-333 13th Street/1231 Harrison Street

City Oakland (vi) alley Zip 94612 County Alameda

(i) King (Charles H.) Building: 300-310 12th Street/1201 Harrison Street

Parcel number: 2-63-4
Present owner: J. & Ann Blankstein and Doris Bierman
1117 Webster Street, Oakland 94607

Construction date: 1904
Architect: A.W. Smith
Builder: Ben O. Johnson



Description

An attached four story brick masonry building at the northwest corner of 12th and Harrison Streets originally with first floor commercial uses and a private college on the upper floors. The two similarly-designed facades are in a three-part vertical composition with first floor base, second and third floor shaft and fourth floor capital. The primary surface material is light brown pressed brick.

The main upper floor entry in the center of the 12th Street side is flanked by storefronts. The entry lobby has a high simple white marble wainscot with dark streaks and a painted turned wood stairway balustrade. The original spider-web fan-lighted main entry doorway has been replaced by glazed aluminum doors below a large glazed aluminum transom. Modified Ionic cast iron pilasters divide the store spaces, which have painted-over prism-glass clerestories

(Continued)

and orange-banded black glazed tile splash panels. Several of the pilasters are stamped "Phoenix Iron Works - Oak-1904-Cal." The corner space has a canted corner entry with the Ionic pilasters treated as a square corner column. Minor changes have been made to the storefronts, including replacement of some of the show windows with aluminium frames. The tile splash panels may be an early alteration. The Harrison Street side is mostly solid brick, except for an entry at the far end next to a wide segmental arch tripartite window in the upper wall.

A plain wood belt entablature separates the base from the shaft. The shaft has slightly projecting banded rusticated end bays with jointed radiating headers flanking three semi-circular arched bays with molded archivolts. The arches spring from modified Ionic brick pilasters with cast concrete bases and capitals. A molded belt course separates the shaft from the fourth floor capital, which consists of tripartite windows vertically aligned with those of the shaft. All the upper floor windows are set in wood frames, but have had their original sash replaced with aluminum casements below fixed transoms.

The facades terminate with a metal cornice with modillion blocks. A brick parapet above the cornice masks a flat roof.

The name "King Building" appears in various places on the building.

Significance

A jump in the value of improvements on the block from $8,500 in the 1904 city tax assessment block book to $33,000 in 1905 block book indicates that the first structure in King's development of the block, the King Building, was built some time between mid-1904 and mid-1905. The 1904 date on the cast-iron pilasters and the listing of the building in the 1905 city directory suggest that all construction occurred during 1904.

(Continued)

Street or rural address: (i)300-310 12th Street/1201 Harrison Street; (ii)312-322 12th Street; (iii)334-344 12th Street/1200-1214 Webster Street; (iv)337-347 13th Stree 1218-1226 Webster Street; (v)301-333 13th Street/1231 Harrison Street

City Oakland (vi)alley Zip 94612 County Alameda

A rendering of the building in the October, 1904 issue of the Architect and Engineer (p.49) further corroborates the 1904 date and identifies the architect as A.W. Smith and the contractor as Ben O. Johnson. The building was constructed on the site of College Hall, which had a big arched signboard with gilded letters that King turned over to the University of California.

The King Building appears to have been designed primarily for the Polytechnic Business College which occupied the top three floors. The college is shown as a tenant in the Architect and Engineer rendering and is listed in the building in the 1905 directory. A directory advertisement describes the college as "The Largest and Best Equipped Business College West of Chicago" and notes its inclusion of a "shorthand institute" and "school of engineering". According to Merritt, the college's founder, owner, and president, Willis E. Gibson, was prominent for his combination as a successful educator and "forceful worker in civic affairs." Gibson was born in Missouri in 1870, came to Oakland in 1893 and taught for four years in the public schools. He founded the college in 1898, was twice president of Oakland's Chamber of Commerce, and appointed by Governor Johnson to argue against the sixth amendment to the state constitution. The appointment assured his reputation as a spokesman for "good government, honesty and efficiency in civic affairs." By 1911, according to Davis and Blake, Gibson had expanded his College of Engineering enough to construct a separate building for the school at the corner of 13th and Madison Streets, while keeping the business college in the King Building. The college offered"complete and practical training in all lines of engineering work" and had a high record of success in placing its graduates. Called "the only private college of engineering in the west", the school is important as an example of the advanced technical training for commerce and business that became available at the turn of the 20th century.

Another early tenant of the King Building, and apparently another King family enterprise, was the W.J. Campbell Company which appears to have occupied most of the building's ground floor and which was first listed in the 1906 directory, advertising itself in 1907 as "Importors and Manufacturing Grocers, Selling the Best Lines of Domestic and Imported Groceries, Wines, and Household Furnishings, and Delicacies to the Family Trade". Charles H. King was listed as president in 1906 and 1907 with son Joseph as Secretary and Treasurer. W.H. Campbell was Vice President in 1906, but was replaced by King's son-in-law, Ernest Tanner in 1907. Joseph King is listed as president in 1908. In 1909, the Campbell Company had disappeared from the directories, but the King Estate Company is first listed that year as occupying part of the Campbell Company's old space at 308 12th Street. The Estate Company remained at that location until at least 1924.

A.W. Smith, who started his career as a draftsman with Bliss and Faville, designed many early 20th century Oakland buildings, including both residential and commercial structures. An elaborate bungalow by him was the subject of an Architect and Engineer article.

The Charles H. King Building is an early example in Oakland of a modern Chicago-influenced commercial block and of a design treatment that successfully organizes the public facades of a large corner building, distinguished by the strength and vigor of its massive end blocks and giant arcades. The building shows the influence

(Continued)

of early skyscrapers and commercial buildings in Chicago in its skeletal articulation, and expansive window areas. Its straightforwardness and economy of structure and ornament is typical of the uncluttered businesslike character of many early 20th century commercial buildings of this type.

The King Building appears to be individually eligible for the National Register as a locally early example of its type, for the quality of its design and for its intimate associations with Charles H. King. It also appears eligible as the principal contributory element in the King Building Group.

Street or rural address: (i) 300-310 12th Street/1201 Harrison Street; (ii) 312-332 12th Street; (iii) 334-344 12th Street/1200-1214 Webster Street; (iv) 337-347 13th Stree 1218-1226 Webster Street; (v) 301-333 13th Street/1231 Harrison Street; (vi) alley

City Oakland Zip 94612 County Alameda

(ii) 312-332 12th Street

Parcel number: 2-63-4
Present owner: J. & Ann Blankstein & G. Simmons & Doris Bierman
1117 Webster St., Oakland 94607

Construction date: 1913
Architect: C.W. Dickey
Builder: P.J. Walker

Description

An attached one-story brick masonry building with painted pressed brick surfaces on an interior lot in a six-bay enframed window-wall composition. The framing piers extend the full height of the building and have stucco panels at the tops of the storefronts, where ornamental capitals may originally have been located. The bases of the piers have a tall ledgestone wainscot which has covered or replaced an earlier material. A wood cornice with simplified modillions alternating with dentils extends across the top of the facade above a wide frieze and an architrave molding. The frieze has large stucco panels, which may originally have been a different material, over the storefronts and smaller painted terra cotta, or possibly marble, panels set into the brickwork both in the piers and immediately flanking the piers. The cornice modillions are paired in front of each pier. The facade wall extends

(Continued)

slightly above the cornice, forming a parapet.

The storefronts have had their clerestories covered over with corrugated metal and have had their original doors replaced with aluminum, but are otherwise generally unaltered.

Significance

Building permit #32308 was issued for this, the third, structure in the King group on August 2, 1913 at a projected cost of $13,000. The owner is shown as J.H. King, the builder as P.J. Walker, and the architect as C.W. Dickey. Original tenants of the building are not known, but its principal historical significance is as a continuation of the King family commercial development operation.

Charles W. Dickey, was one of Oakland's most important early 20th century architects, his other work including Kahn's department store (see SHRI form for 1501-35 Telegraph Avenue, the P.G.&E.Building (see SHRI form for 1625 Clay Street) and the earliest section of the Oakland Bank Building (see SHRI form for 1200-1212 Broadway).

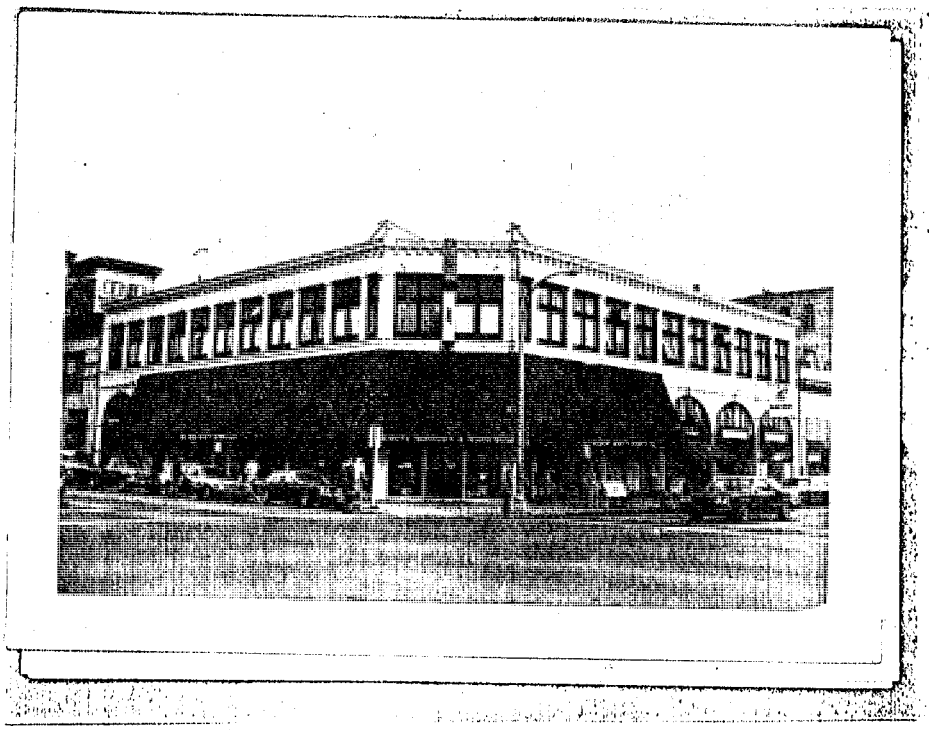
The building is a typical early 20th-century enframed window-wall store structure, although somewhat more embellished than usual with the cornice and frieze treatments and the slightly projecting full height piers. It appears eligible for the National Register as a contributory element in the Charles H. King Building Group.

Street or rural address: (i) 300-310 12th Street/1201 Harrison Street; (ii) 312-332 12th Street; (iii) 334-344 12th Street/1200-1214 Webster Street; (iv) 337-347 13th Stree 1218-1226 Webster Street; (v) 301-333 13th Street/1231 Harrison Street (vi) alley

City Oakland Zip 94612 County Alameda

(iii) Dietz Building: 334-344 12th Street/1200-1214 Webster Street

Parcel number: 2-63-5
Present owner: Jive
332 19th Street
Oakland, 94612
Construction date: 1922
Architect: William Knowles
Builder: William Knowles



Description

An attached two-story brick masonry rectangular block on a corner lot, with ground floor stores and second floor offices. The facades are clad in pressed brick, painted yellow, with glazed cream terra cotta trim. Ornamentation is Renaissance/Baroque.

The storefronts are set within a semielliptical ground floor arcade that extends around both facades. The arches have terra cotta fluted Tuscan piers and molded archivolts with acanthus console keystones. The keystones are attached to a molded terra cotta belt course marking the floor division. One of the keystones has been replaced with a cherub. The storefronts typically consist of a central slant-sided recessed entry with a single-panel glazed wood door flanked by show windows with glazed white-banded black tile

(Continued)

splash panels. Vertically-divided wood clerestories are set within the arches above awning boxes with horizontal sign panels in the centers.

The far end arch on the Webster Street side contains a slightly recessed entry to the upper floors and an entry to the alley (see Item "f") which extends under the second floor. The upper floor entry has paired glazed oak doors with original brass hardware below a glazed transom with "DIETZ BUILDING" in gold lettering. The alley entrance has paired iron bar gates. The storefronts are virtually unaltered except for the large corner space where an awning conceals the tops of the arches and the splash panels have been replaced with old brick.

The second floor windows are wood pivoted with transoms and are grouped in two's separated by terra cotta fluted Tuscan pilasters. A molded terra cotta common sill and header extends above and below the windows.

The facades terminate with a shallow terra cotta molded cornice with vertical console brackets. The cornice is tied to slightly projecting terra cotta piers at the far ends of each facade with multi-stepped inner edges. Although the building is virtually unaltered, some of the terra cotta has cracked or broken off.

Significance

Building Permit #70090 was issued for the last structure in the King group, the Dietz Building, on June 22, 1922 at a projected cost of $60,000. The owner is shown as the C.H. King Estate, the architect as William Knowles and the builder as "separate contractors", suggesting that Knowles supervised construction.

The building's name is derived from A.C. Dietz and his Dietz Opera House, which had previously occupied the site. The opera house was originally the College of California's Brayton Hall, which Dietz acquired in 1873 when the college moved its campus to Berkeley. The relatively small (capacity 950) opera house was the first theater in Oakland, credited with a performance of Donizetti's The Daughter of the Regiment on December 7, 1869, when the building was still Brayton Hall (Wente, p. 33). After its acquisition by Dietz, it presented both touring companies, including vandeville, as well as its own stock company. It was destroyed in a 1911 fire, which also destroyed another pioneer theater, the Oakland (later the Dewey) next door on 12th Street that also had been owned by Dietz.

Architect William Knowles designed a number of important downtown Oakland buildings, including the Roos Brothers store at 1500 Broadway, the East Bay Water Company Building at 610 16th Street and the now-demolished spectacularly Gothic Elks Building at 1970 Broadway (see SHRI forms).

Although a modest structure, the Dietz Building is still a very good example of its type, distinguished by the airy gracefulness of the arcades and the delicate, lightweight proportions of the terra cotta decoration. The increased width of the arches obtained from use of a semiellipse rather than a more conventional semicircle contributes significantly to the overall delicate effect. The care and sophistication exhibited in the design is typical of Knowles' Oakland buildings which have been surveyed to date.

The Dietz Building appears eligible for the National Register of Historic Places as a contributory element in the Charles H. King Building Group.

(Continued)

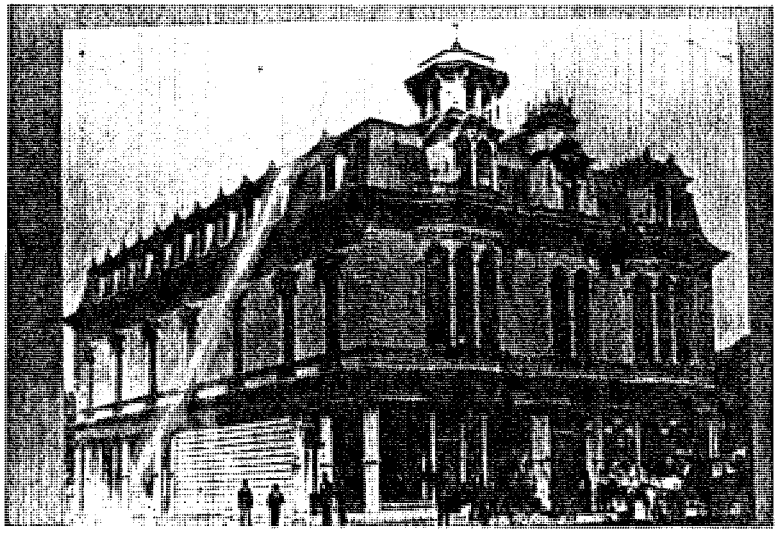
State of California – The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

HISTORIC RESOURCES INVENTORY

Continuation Sheet no. 6

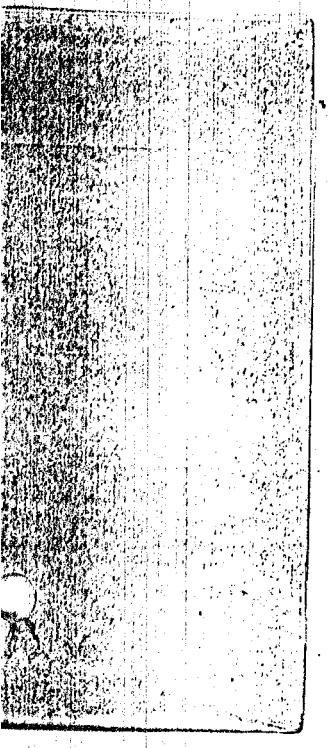
Street or rural address: (i)300-310 12th Street/1201 Harrison Street; (ii)312-332 12th Street; (iii)334-344 12th Street/1200-1214 Webster Street; (iv)337-347 13th Stre 1218-1226 Webster Street; (v)301-333 13th Street/1231 Harrison Street

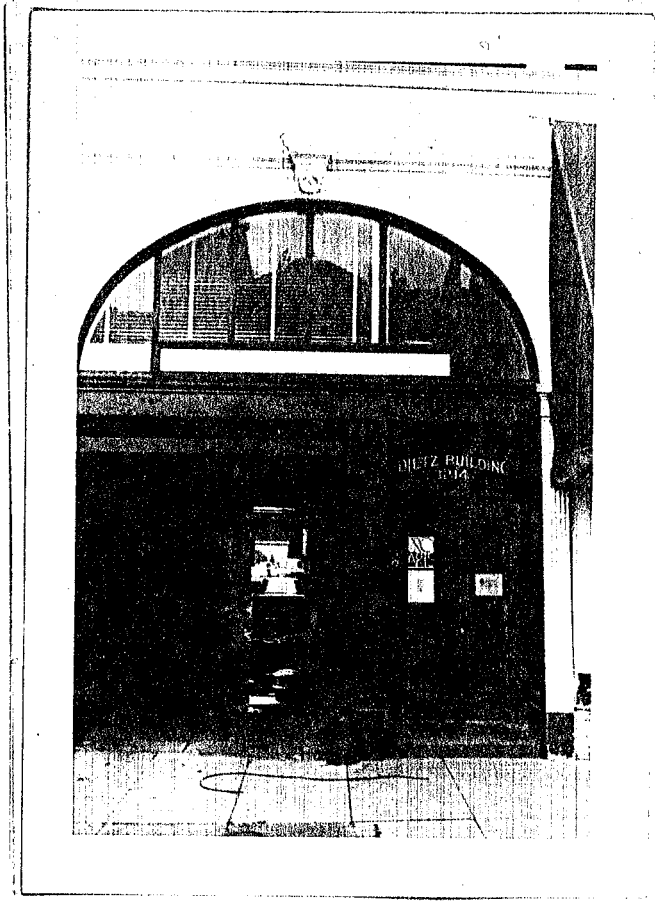
City Oakland (vi)alley Zip 94612 County Alameda



Street or rural address: (i) 300-310 12th Street/1201 Harrison Street; (ii) 312-332 12th Street; (iii) 334-344 12th Street/1200-1214 Webster Street; (iv) 337-347 13th Stre 1218-1226 Webster Street; (v) 301-333 13th Street/1231 Harrison Street

City Oakland (vi) alley Zip 94612 County Alameda





Street or rural address: (i) 300-310 12th Street/1201 Harrison Street; (ii) 312-332 12th Street; (iii) 334-344 12th Street/1200-1214 Webster Street; (iv) 337-347 13th Stree 1218-1226 Webster Street; (v) 301-333 13th Street/1231 Harrison Street; (vi) alley

City Oakland Zip 94612 County Alameda

(iv) 337-347 13th Street/1218-1226 Webster Street. Originally Gates Stables Company Building.

Parcel number: 2-63-1
Present owner: JIVE
332 19th Street
Oakland, CA 94612
Construction date: 1906-1907, partially remodeled 1912-13
Architect: Unknown
Builder: P.J. Walker Co. (1912-13 remodeling only)

Description

An attached two-story brick masonry block on a corner lot with Renaissance/Baroque ornamentation, originally designed as a stable in 1906-1907 but converted to stores and offices in 1912-13. The 13th Street side and the left bay of the four-bayed Webster Street side were remodeled at the time of the conversion, but the remainder of the Webster Street side was left unchanged, giving the appearance of two separate structures. The 13th Street side is in a six-bay two-part vertical composition, surfaced with brown pressed brick. The upper floor entry is in the left ground floor bay, framed by brick piers, and retains its original paired glazed wood doors, sidelights, transom and clerestory. The remainder of the ground floor is occupied by storefronts which have experienced varying alterations, although at least one retains its

(Continued)

original leaded prism glass clerestory. Other similar clerestories may be intact under existing signs. A low white-banded black glazed tile base extends across the facade, below the store show windows.

The upper floor windows are grouped in threes with transoms between the bay piers. Patterned panels of darker brick are above the windows. A molded sheet metal cornice extends across the top of the facade below a brick parapet.

The surviving section of the 1906-07 facade on Webster Street is clad in yellowish-beige pressed brick, rusticated with cream terra cotta pulvination in the piers between three groups of second floor windows. The windows are wood double-hung, arranged in four's in the two left groups and as a group of three on the right.

A molded wood cornice with modillions blocks, egg and dart molding and blank frieze extends across the top. The cornice is heavier than on the remodeled portion and is without a parapet. The brick wall on the ground floor is pierced on the left by a show window with prism glass clerestory and on the right by a remodeled rear entry.

A 1911 revision of a 1903 Sanborn map indicates that the stable office was located in the left ground floor bay of the 13th Street side. Behind the office was a ramp for leading horses to the second level.

A c. 1911 photograph shows the Webster Street side prior to its remodeling.

Significance

A jump in city tax assessments on improvements on the block from $33,500 in 1906 to $72,500 in 1907 indicates that the Gates Stables Company Building was constructed sometime between mid-1906 and mid-1907 as the second structure in Charles H. King's development of the block. Although the City had been requiring building permits since 1905, no record of an original permit for the building could be located in the City's files. In December, 1912, building permit #28957 was issued for "alterations", the $13,500 cost indicating that the changes were substantial and probably included remodeling of the 13th Street side to its present appearance. No architect is given for the remodeling, but the contractor is shown as the P.J. Walker Company.

The Gates Stables Company under "president" Alvan Gates is first listed in the building in the 1907 directory, advertising as a "first class livery and boarding stable" in a "new fire-proof building". The stable continued to be listed in the directories, later under the proprietorship of Edward L. Swan, advertising "hacks at all hours", until the 1913 directory, which indicates it had moved to 2454 Webster Street, most likely as a result of the remodeling. Although the stable remained at its new address for at least several more years, it is apparent that the increasing popularity of automobiles had decreased the need for the stable's horse-drawn livery services and had probably stimulated the 1912 conversion of the building to other uses.

The Gates Stables Company Building is a handsome example of a low-rise early 20th century commercial structure, distinguished by its effective combinations of materials with different but carefully related colors. The terra cotta pulvination in the rustication on the 1906-1907 portion provides an especially effective textural and coloristic embellishment of the brickwork. The building is also a rare and especially fine example of a former stable. Most stables in Oakland appear to have been wood rather than brick and to have had a more utilitarian architectural treatment than this relatively sophisticated example.

(Continued)

Street or rural address: (i) 300-310 12th Street/1201 Harrison Street; (ii) 312-332 12th Street; (iii) 334-344 12th Street/1200-1214 Webster Street; (iv) 337-347 13th Stree 1218-1226 Webster Street; (v) 301-333 13th Street/1231 Harrison Street; (vi) alley

City Oakland Zip 94612 County Alameda

Although a single structure, the building visually functions as two distinct entities, closely related through their similar materials, fenestration and cornice line. The change in design vividly illustrates the building's conversion from a stable and the waning of the horse-and-buggy era in downtown Oakland. The dark earth tone paint colors of the cornice and window sash are typical of the building's period and enhance the richness of the lighter earth tones of the brick and terra cotta.

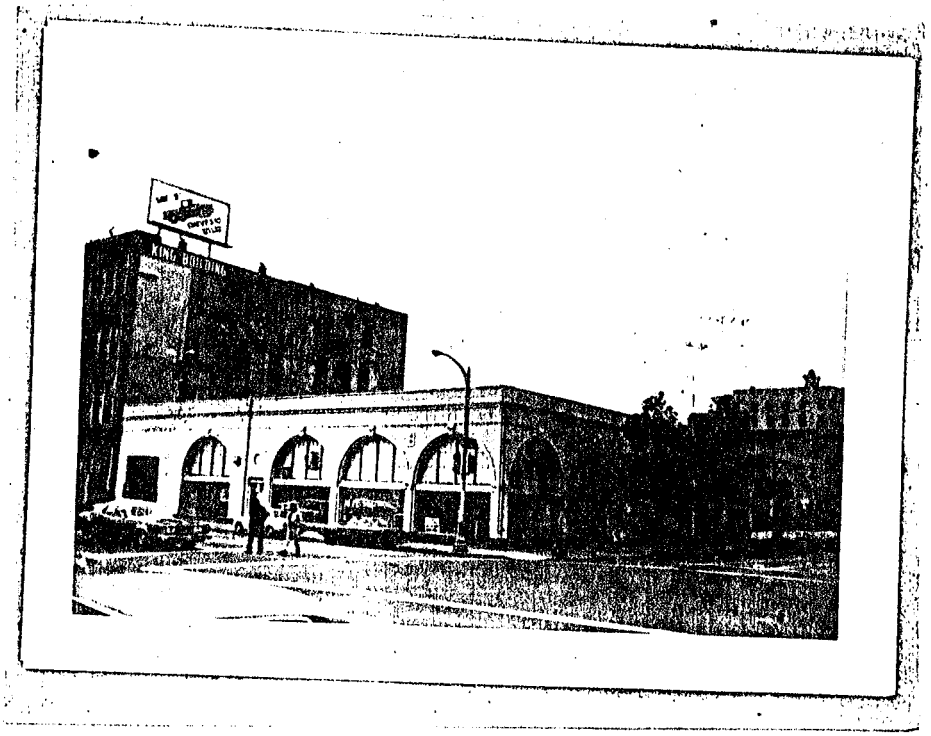
The Gates Stables Company Building appears individually eligible for inclusion in the National Register of Historic Places as an unusual example of a former stable structure, for the quality of its design and for its loose associations with Charles H. King. It is also eligible as a contributory element in the Charles H. King Building Group.

Street or rural address: (i) 300-310 12th Street/1201 Harrison Street; (ii) 312-322 12th Street; (iii) 334-344 12th Street/1200-1214 Webster Street; (iv) 337-347 13th Stree 1218-1226 Webster Street; (v) 301-333 13th Street/1231 Harrison Street

City Oakland (vi) alley Zip 94612 County Alameda

(v) 301-333 13th Street/1231 Harrison Street

Parcel number: 2-63-2
Present owner: L.R. & Helene D. Connelly
41 Cinch Road, Bell Canyon, CA
91307
Construction date: 1916-1917
Architect: C.W. Dickey and J.J. Donovan
Builder: Schnebly Hortauser



Description

An attached one-story brick masonry store building on a corner lot in an enframed semicircular arcade window-wall composition with ten bays on the 13th Street side and five bays on Harrison Street. The restrained ornamentation is Renaissance/Baroque. Surfaces are glazed white pressed brick with glazed lightly polychromed white terra cotta details. The second bay from the end on Harrison Street projects outward slightly; the far end bay is rectangular rather than arched and forms the Harrison Street entrance to the alley which passes through the center of the block (see Item (f)). The arches are compound with brick headers, deep reveals and console keystones. They are supported by brick piers with elaborated terra cotta Tuscan caps. Small rectangular decorated terra cotta panels are in the spandrels. Projecting brick courses along the top form a shallow denticulated cornice above a frieze and architrave. A parapet extends above the cornice.

(Continued)

The original storefront doors and windows have been replaced with aluminum, but most of the storefronts retain their glazed white-banded black tile splash panels and multiple-light clerestories set within the arches. Some of the clerestories have been painted over. The building otherwise appears unaltered.

Significance

Building Permit #44292 was issued for this, the fourth structure in the King group on December 8, 1916 at a projected cost of $22,370. The owner is listed as J.H. King, the builder as Schnebly Hortauser, and the architects as Charles W. Dickey, designer of 312-320 12th Street (see Item (ii) above), and John J. Donovan.

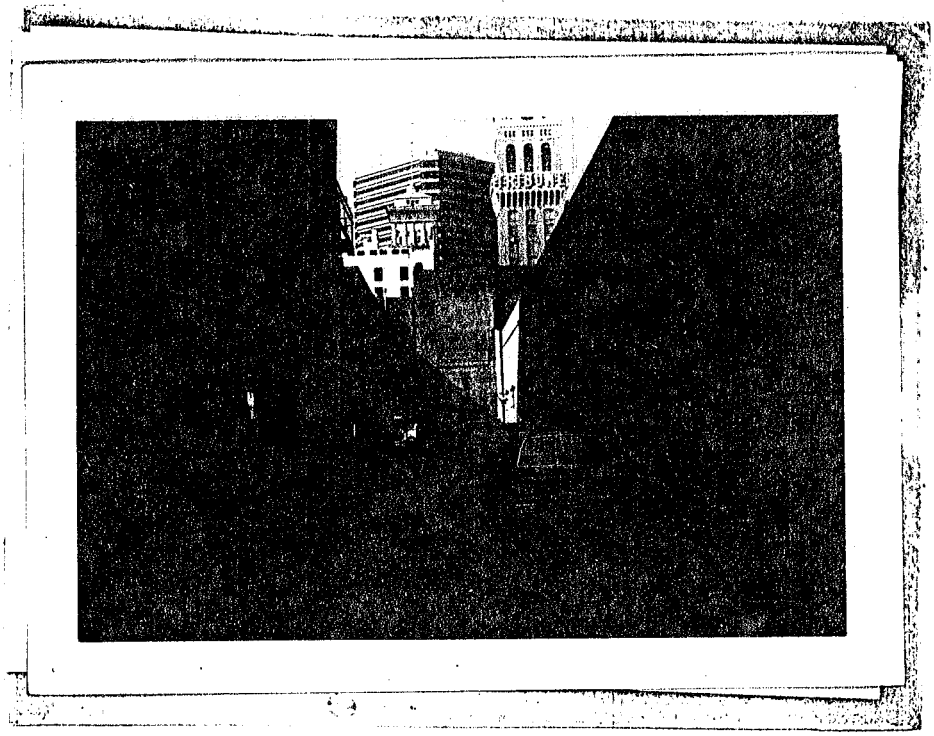
Dickey and Donovan were in partnership for at least several years around 1915-1920, their works together and individually during this period including the City's Temescal, Melrose, 23rd Avenue and Golden Gate Branch libraries. Donovan had come to Oakland about 1911 as a member of the New York firm of Palmer, Hornbostle and Jones to supervise construction of the new City Hall (see SHRI form for 1421 Washington Street). Shortly thereafter, he designed the Oakland Municipal Auditorium and later became an expert on school architecture, his works including Oakland Technical High School and St. Mary's College in Moraga.

The subject building is distinguished by the rhythmic quality of its arcade, and appears eligible for the National Register as a contributory element in the Charles H. King Building Group.

Street or rural address: (i)300-310 12th Street/1201 Harrison Street; (ii)312-332 12th Street; (iii)334-344 12th Street/1200-1214 Webster Street; (iv)337-347 13th Stre 1218-1226 Webster Street; (v)301-333 13th Street/1231 Harrison Street;

City Oakland (vi)alley Zip 94612 County Alameda

(vi) Alley connecting Harrison and Webster Streets



Description

A narrow concrete-paved delivery corridor passing through the center of the block bounded by 12th, Webster, 13th and Harrison Streets and paralleling 12th and 13th Streets. The sides are formed by the backs of the commercial buildings facing 12th and 13th Streets. The walls are common brick, in some cases painted. The rectangular Harrison Street entry is through a wall that forms the far end of the Harrison Street side of the one story building at 301-333 13th Street/1231 Harrison Street (see Item (v)). The Webster Street entry is through the far left semi-elliptical arched ground floor bay of the Dietz Building at 334-344 12th Street/1200-1214 Webster Street (see Item (iii)) and passes under the building's second floor. Both entries have paired iron bar gates. The walls lining the alley have tall segmental arched door and window openings. The openings on the backs of 301-333 13th Street/1231 Harrison Street and 312-332 12th Street are regularly arranged and tripartite with center doors flanked by windows. Old faded painted signs are still visible on some of the walls.

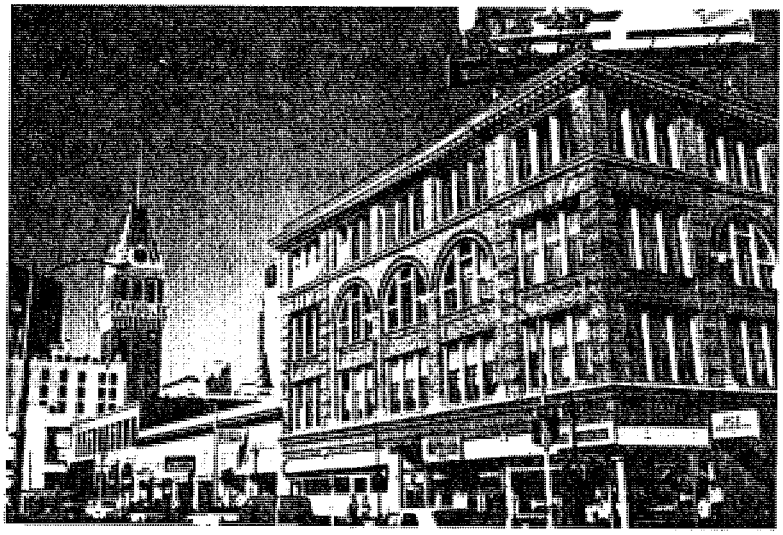
Significance

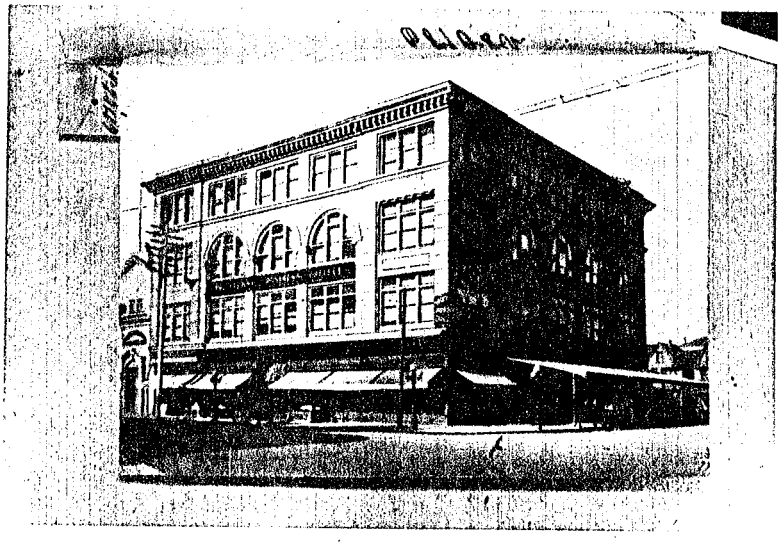
"King Alley" was developed in stages between 1904 and 1922 as the buildings of the King Group were erected, and has considerable visual interest due

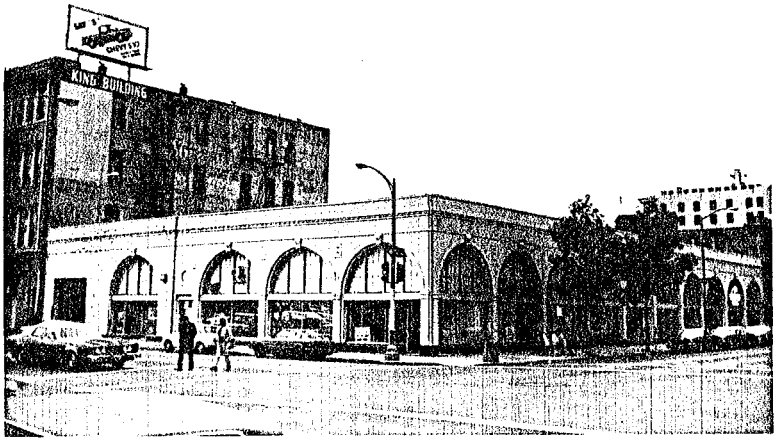
(Continued)

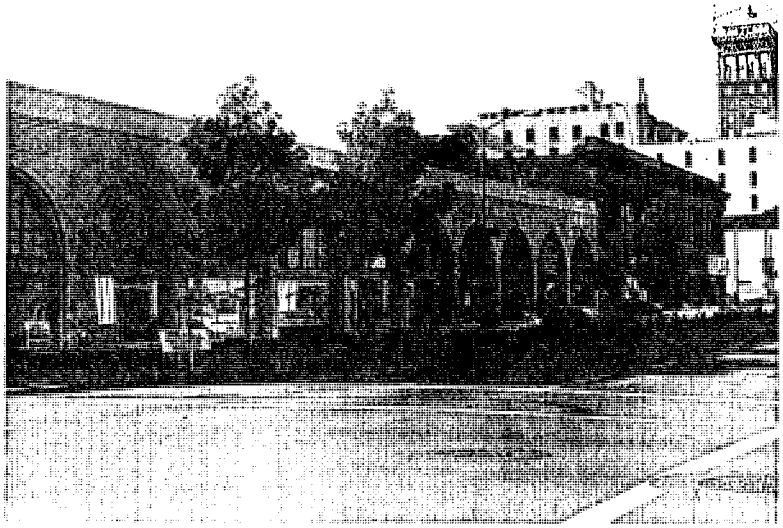
to the rich textures of its common brick wall surfaces, the intimate character of its tight enclosure, and the strong rhythm of its segmental arched tripartite doors and windows. Such alleys were uncommon in Oakland; the presence of this particular alley and its incorporation into two of the buildings directly reflects the block's development under a single owner and the planned nature of that development.

The alley appears eligible for inclusion in the National Register of Historic Places as a contributory element in the Charles H. King Building Group.






KING BUILDING



HISTORIC RESOURCES INVENTORY

ADDENDUM

Street or rural address: (i) 300-310 12th Street/1201 Harrison Street; (ii) 312-332 12th Street; (iii) 334-344 12th Street/1200-1214 Webster Street; (iv) 337-347 13th Stree 1218-1226 Webster Street; (v) 301-333 13th Street/1231 Harrison St,; (vi) all

3/22/83

Current owners of properties (i) and (ii) are:

J. & A. Blankstein & D. Bierman & Gorden Ridick
P.O. Box 417
Oakland, CA 94604

Current owner of property (v) is:

Thirteenth & Harrison Street A
23 Altarinda Rd., #222
Orinda, CA 94562

State of California — The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

HISTORIC RESOURCES INVENTORY

Ser. No. _____
HABS ____ HAER ____ NR 3 SHL ____ Loc API
UTM: A 10/564410/4183920 B 10/564440/4183980
C 10/564540/4183940 D 10/564510/4183870

IDENTIFICATION

1. Common name: King Block
2. Historic name: King (Charles H., Kate & Joseph H.) Building Group
3. Street or rural address: Multiple, see continuation page 3

   City Oakland Zip 94612 County Alameda
4. Parcel number: Multiple, see continuation page 3
5. Present Owner: Multiple, see continuation page 3 Address: _____

   City Oakland Zip 94612 Ownership is: Public _____ Private X
6. Present Use: Commercial Original use: Commercial

DESCRIPTION

7a. Architectural style: Various early 20th-century commercial, see 7b

7b. Briefly describe the present *physical description* of the site or structure and describe any major alterations from its original condition:

A group of five attached brick masonry commercial buildings of rectangular plan, plus an alley, all built between 1904 and 1922, together fully occupying the block bounded by 12th, Webster, 13th and Harrison Streets. The buildings are visually related by zero setbacks, similar widths, pressed brick surfaces, black glazed tile store bases, skeletal articulation, Renaissance/Baroque ornamentation and the lack of any vacant lots or other intrusions. In its very mixed setting, the block is a strong unified presence. Horizontality dominates, as each building occupies long street frontage(s) and rises only one or two stories, except for one 4-story focal building. The prominent use of arcades on three of the corner buildings is another unifying element. The alley entrances are masked within the facades of two of the buildings. The building descriptions below are in clockwise order around the block (see map, continuation page 4).

300-10 12th Street/1201 Harrison Street is the focal point: a four story building (see continuation page 6)

8. Construction date: Estimated _____ Factual 1904-22
9. Architect Multiple, see continuation page 3
10. Builder Multiple, see continuation page 3
11. Approx. property size (in feet) Frontage 300 Depth 200 or approx. acreage 1.3
12. Date(s) of enclosed photograph(s) _____

132-14A King Block, North side 12th St. looking west from Harrison, 12/81

13. Condition: Excellent X Good X Fair ___ Deteriorated ___ No longer in existence ___

14. Alterations: Various, see item 7b

15. Surroundings: (Check more than one if necessary) Open land ___ Scattered buildings ___ Densely built-up X
Residential ___ Industrial ___ Commercial X Other: ___

16. Threats to site: None known X Private development ___ Zoning ___ Vandalism ___
Public Works project ___ Other: ___

17. Is the structure: On its original site? X Moved? ___ Unknown? ___

18. Related features: ~~None~~

SIGNIFICANCE

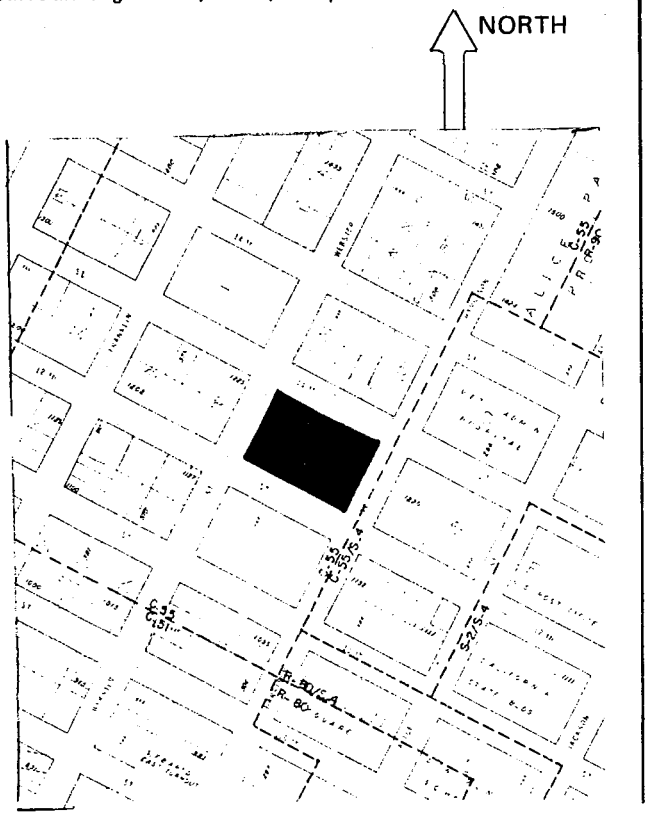
19. Briefly state historical and/or architectural importance (include dates, events, and persons associated with the site.)

The five buildings and alley that comprise the King Block were developed between 1904 and 1922 by the King family and constitute the principal surviving Oakland structures associated with wheat and lumber baron Charles H. King and his locally prominent descendants. In addition, the group provides a good somewhat unusual example of an early 20th century downtown development project that was carried out in phases. Since the 1920s the King Block has been an office service center, most of its stores occupied by businesses offering office furniture, safes, cash registers, blueprinting, dictaphones, elevators, office furniture, mimeographing, business machines and the like, uses not prominent in the surrounding blocks.

Charles H. King came to California in 1859. At first he taught school in Butte County and Healdsburg, then learned ranching from Victor Castro of the rancho near El Cerrito. He invested in north coast lumber, sold out to William Carson of Eureka, and brought his profits to Oakland in 1884. He then invested in a 30,000 acre wheat ranch at what became King City, and began the long creation of his sprawling Queen Anne mansion at the southwest corner of 6th Avenue and East 11th

(see continuation page 14)

Locational sketch map (draw and label site and surrounding streets, roads, and prominent landmarks):



20. Main theme of the historic resource: (If more than one is checked, number in order of importance.)
Architecture 2 Arts & Leisure ___
Economic/Industrial 1 Exploration/Settlement ___
Government ___ Military ___
Religion ___ Social/Education ___

21. Sources (List books, documents, surveys, personal interviews and their dates).
Building permits
Tax assessor's block books
Oakland directories
Knave, "Memories Haunt Fading Mansion," Oakland Tribune, 15 Aug. 1971:19-cm.

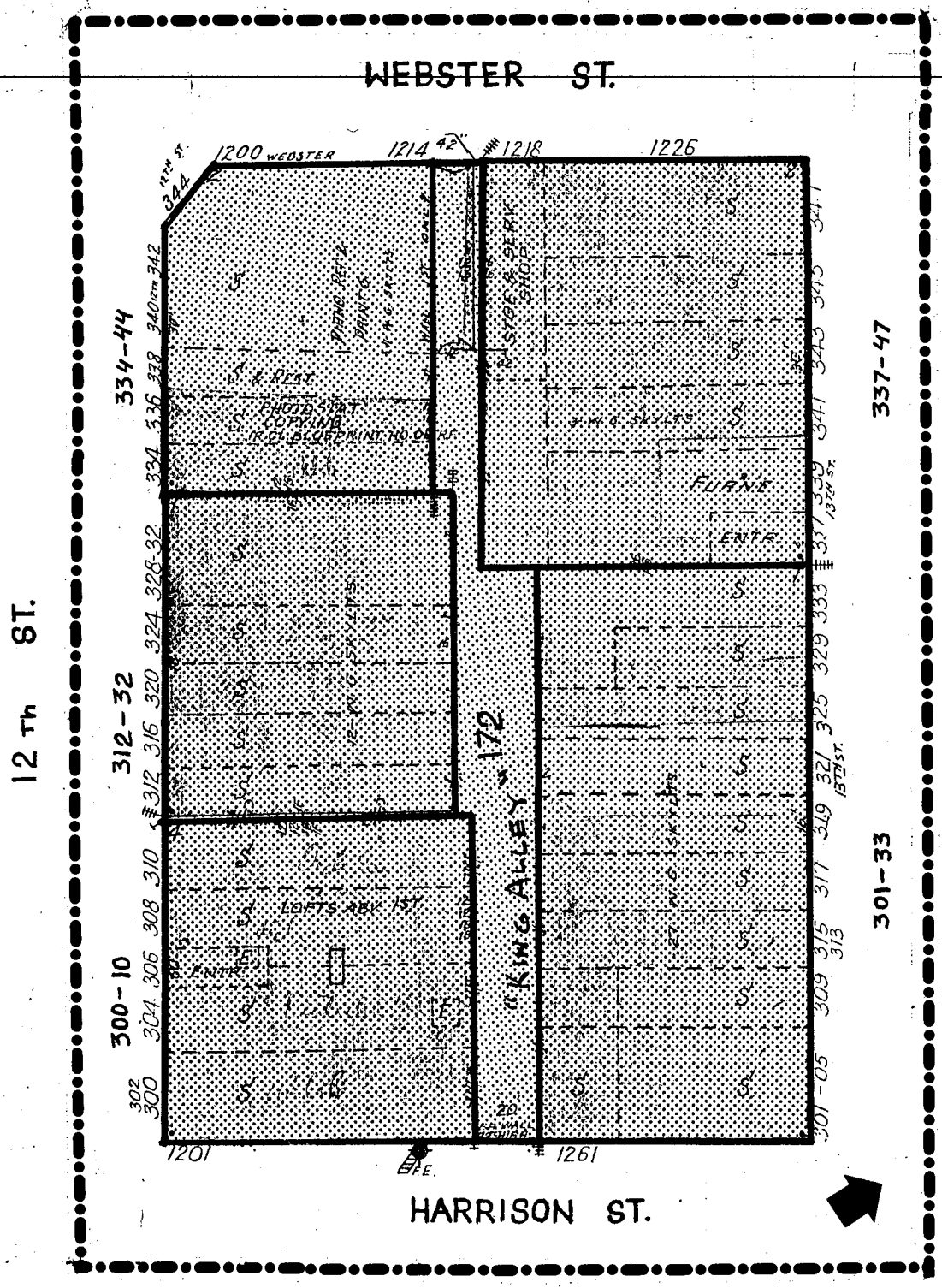
22. Date form prepared January 31, 1985
By (name) Staff
Organization Oakland Cultural Heritage Survey
Address: City Planning Dept., City Hall
City Oakland Zip 94612
Phone: (415) 273-3941

Street or rural address: King Block

Address Building Name	Parcel No. Owner	Date Architect Builder
300-10 12th St./1201 Harrison St. King (Charles H.) Building A1+; SL	2-63-4 (east portion) Anna D. Blankstein et al. 316 12th St. Oakland, 94607	1904 A.W. Smith Ben O. Johnson
312-32 12th St. None King (J.H.) blg. C1+	2-63-4 (west portion) Anna D. Blankstein et al. 316 12th St. Oakland, 94607	1913 C.W. Dickey P.J. Walker
334-44 12th St./1200-14 Webster St. Dietz Building B-1+; SL	2-63-5 JIVE, c/o Davies & McCoy 3315A Grand Ave. Oakland, 94610	1922 William Knowles "Separate contractors"
337-47 13th St./1218-26 Webster St. Gates Stable Co. Building (H) B*1+; SL	2-63-1 JIVE Oakland, 94610	1906-(07); rem.1913 Unknown Unknown (1906); P.J. Walker Co. (1913)
301-33 13th St./1231 Harrison St. None King (J.H.) blg. C1+; SL	2-63-2 Robert Y. & Lydia F. Chyr et al. 444 Yale Ave. Kensington, 94708	1916 C.W. Dickey & J.J. Donovan Schnebly - Hostrawser
c.1229 Harrison St./c.1216 Webster St. King Alley C1+	2-63-3 JIVE, c/o Davies & McCoy 3315A Grand Ave. Oakland, 94610	1904-22 Unknown None

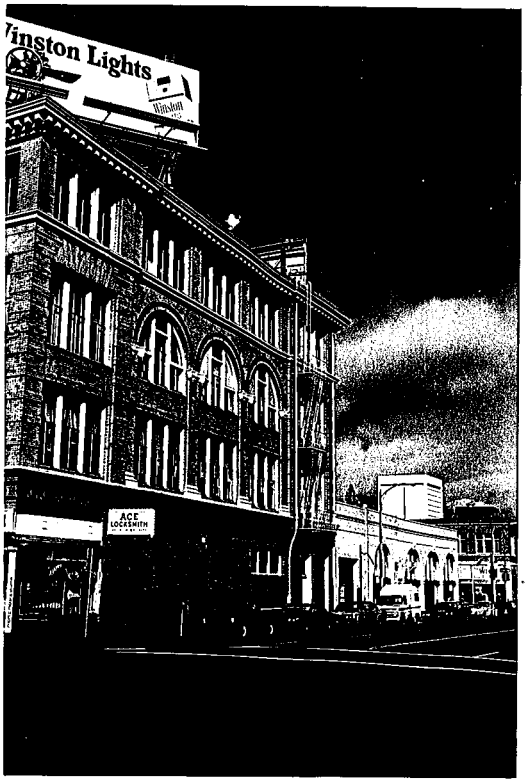
135-18 King Block, Webster St. elevations, looking south from 13th St., 1/82

Street or rural address: King Block

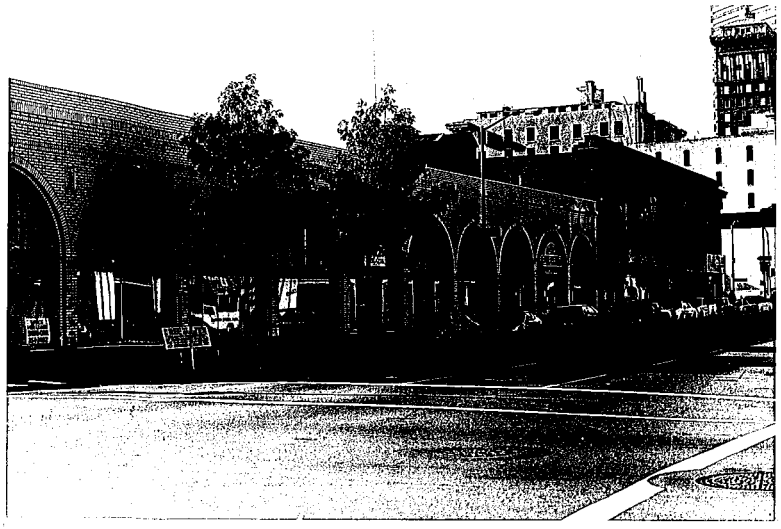


Street or rural address: King Block

113-10 King Block, 12th St. elevations, looking east from Webster, 10/81



112-19 King Block, 13th St. elevations, looking west from Harrison, 12/81



132-12A King Block, Harrison St. elevations, looking north from 12th St., 12/81

7b. Physical Description (continued from page 1)

at the northwest corner of 12th and Harrison Streets. The two similarly designed facades are in a three-part vertical composition with first floor base, second and third floor shaft and fourth floor capital. The primary surface material is light brown pressed brick. The base consists of stores and a centered main building entry on 12th Street, and a largely blank brick facade on Harrison Street. Ionic cast iron pilasters divide the store spaces, which have painted-over prism glass clerestories. Several of the pilasters are stamped "Phoenix Iron Works - Oak-1904-Cal." The corner space has a canted entry with the pilasters used as a square corner column. The upper stories have five bays on each facade, with tripartite windows. The end bays project slightly, are banded on 2nd and 3rd floors, and have radiating brick voussoirs over the 3rd-floor lintels. The three center bays on each facade are like giant-order arcades, with round-headed arches for 3rd floor windows, springing from brick Ionic pilasters. The facades terminate with a plain "capital" story, a modillioned cornice and a parapet. The name "King Building" appears (in present-day letters) at various places on the building. The entry lobby has a high simple white marble wainscot and a painted turned wood stairway balustrade.

Minor changes have been made to the storefronts. All the upper floor windows have had their original sash replaced with aluminum casements below fixed transoms. A new wooden parapet imitates the former deteriorated brick one.

312-32 12th Street is a one-story mid-block building with painted pressed brick surfaces in a six-bay enframed window-wall composition. The framing piers extend the full height of the building and have stucco panels at transom level; at the tops of the storefronts, they may originally have had ornamental capitals. The bases of the piers have a tall ledgerock wainscot which has covered or replaced the original. A wood cornice with dentils and modillion blocks spans the top of the facade above a wide frieze and an architrave molding. The frieze has large stucco panels over the storefronts and smaller painted terra cotta, or possibly marble, panels set into the brickwork above the piers. The storefronts have had their clerestories covered over with corrugated metal and their original doors replaced with aluminum, but are otherwise generally unaltered.

334-44 12th Street/200-14 Webster Street is a two-story building on a corner lot, with canted corner, ground floor stores and second floor offices. The facades are clad in pressed brick, painted yellow, with glazed cream terra cotta trim. Ornamentation is Renaissance/Baroque. A ground floor arcade extends around both facades, with acanthus keystones attached to a molded belt course. One of the keystones has been replaced with a cherub. The storefronts typically have clerestories within the arches, and awning boxes with horizontal sign panels in the centers. The second floor is largely glazed, with pivoted wood sash windows set 2 over 2 between fluted pilasters. A shallow cornice terminates the facade. The far left (north) arch on the Webster Street side contains entries to the upper floor and to the alley. The slightly recessed upper floor entry has paired glazed oak doors with original brass hardware and a transom reading "DIETZ BUILDING." The building is virtually unaltered, but some of the terra cotta is in poor condition.

(see continuation page 7)

7b. Physical Description (continued from page 6)

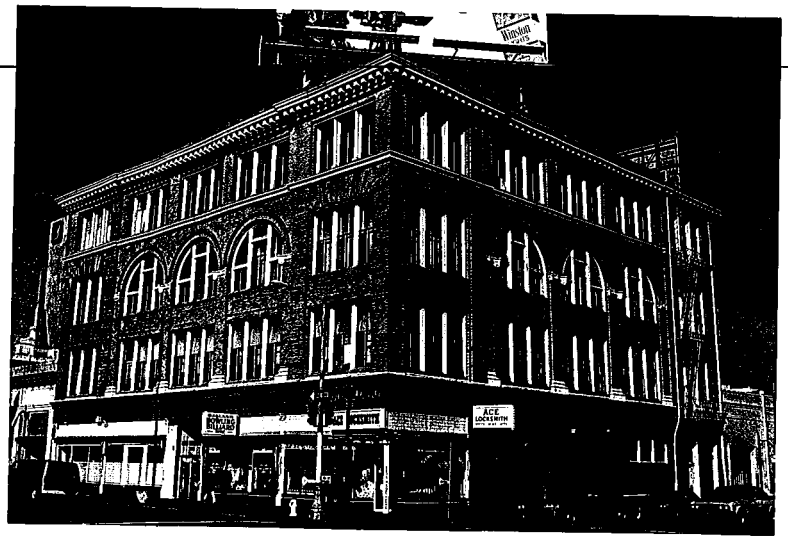
337-47 13th Street/1218-26 Webster Street is a two-story corner building with Renaissance/Baroque ornamentation, originally designed as a stable in 1906-07 but converted to stores and offices in 1912-13. The 13th Street side and the ~~left (north) bay of the four-bayed Webster Street side were remodeled at the time~~ of the conversion, but the remainder of the Webster Street side was left unchanged, giving the appearance of two separate structures. The surviving section of the 1906-07 facade on Webster Street is clad in yellowish-beige pressed brick with cream terra cotta stripes in the piers between the three second floor window groups. The windows are wood double-hung, four in the two left groups and three on the right. The cornice is heavier than on the remodeled portion and lacks a parapet. The brick wall on the ground floor is pierced on the left by remodeled show windows and on the right by a remodeled rear entry.

The 13th Street side is a six-bay two-part composition, surfaced with brown pressed brick. The upper floor entry is in the left ground floor bay, framed by brick piers, and retains its original paired glazed wood doors, sidelights, transom and clerestory. The remainder of the ground floor is occupied by storefronts with a low black glazed tile base. The upper Chicago-like windows are grouped in threes between the bay piers. Basketweave panels of darker brick are above the windows. A sheet metal cornice extends across the top of the facade below a brick parapet. Most of the windows and some storefronts have been altered.

301-33 13th Street/1231 Harrison Street is a one-story and mezzanine arcade on a corner lot, with ten bays on the 13th Street side and five bays on Harrison Street. The restrained ornamentation is Renaissance/Baroque. Surfaces are white glazed brick with lightly polychromed terra cotta details. The second bay from the end on Harrison Street projects outward slightly; the far end bay is rectangular rather than arched and forms the Harrison Street entrance to the alley which passes through the center of the block. The arches are compound with brick edging, deep reveals and console keystones. They rest on brick piers with terra cotta Tuscan caps. Small rectangular decorated terra cotta panels are in the spandrels. Projecting brick courses along the top form a shallow dentiled cornice, frieze and architrave. A parapet extends above the cornice. The building appears generally unaltered: original storefront doors and windows have been replaced with aluminum; multiple-light clerestories set within the arches are intact except that some have been painted over.

c.1229 Harrison Street/c.1216 Webster Street is a narrow concrete-paved delivery corridor passing through the center of the block bounded by 12th, Webster, 13th and Harrison Streets and paralleling 12th and 13th Streets. The sides are formed by the backs of the commercial buildings facing 12th and 13th Streets. The walls are common brick, in some cases painted. The rectangular Harrison Street entry is through a wall that forms the far end of the Harrison Street side of the one story building at 301-33 13th Street/1231 Harrison Street. The Webster Street entry is through the far left arch of the Dietz Building at 334-44 12th Street/1200-14 Webster Street, and passes under the building's second floor. Both entries have paired iron bar gates. The walls lining the alley have tall segmental arched door and window openings. The openings on the backs of 301-33 13th Street/1231 Harrison Street and 312-32 12th Street are regularly arranged and tripartite with center doors flanked by windows. Old faded painted signs are still visible on some of the walls.

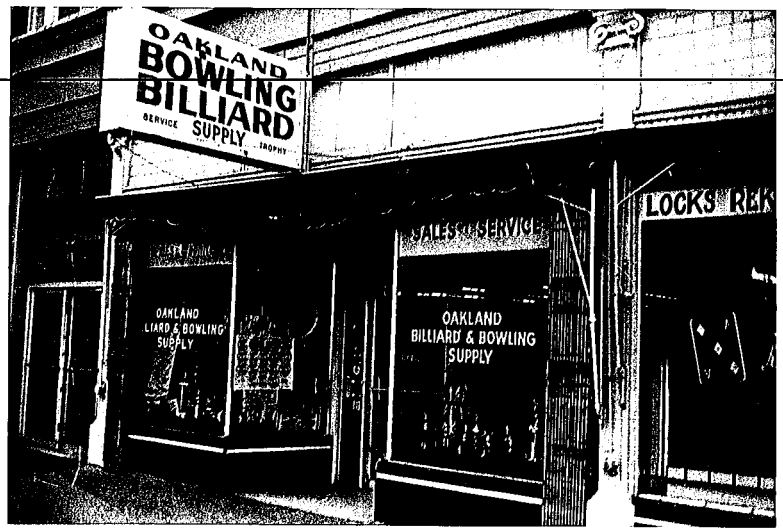
Street or rural address: King Block



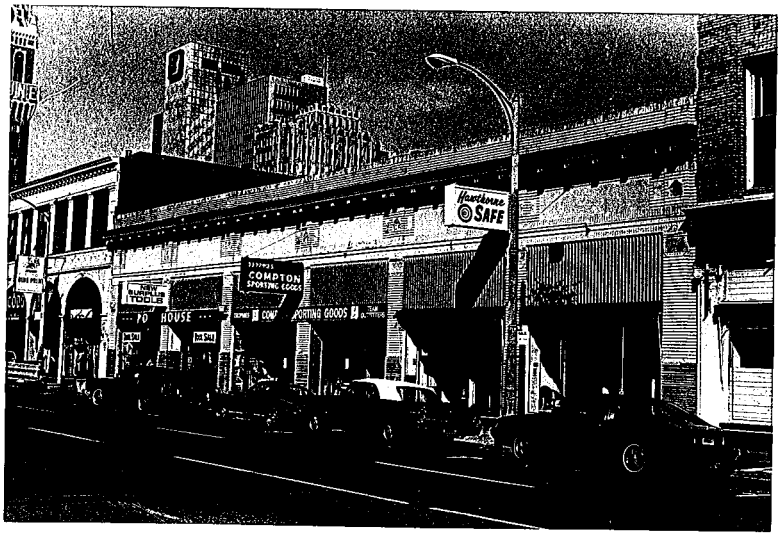
132-13A 300-10 12th St. (left)/1201 Harrison St. (right), 12/81

180-00 Restored cornice 300-10 12th St. 1/85

Street or rural address: King Block

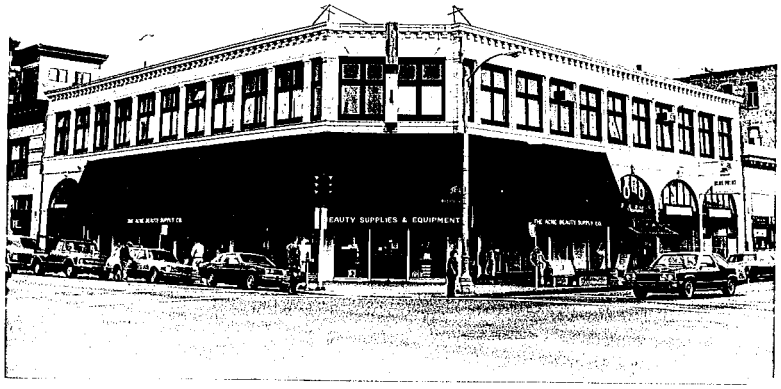


135-25 Storefront details, 300-10 12th St...., 1/82



113-9 312-32 12th St., 10/81

Street or rural address: King Block

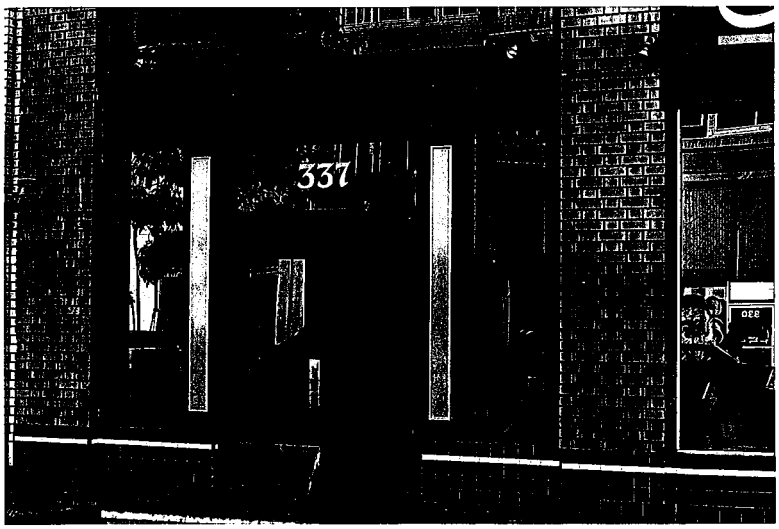


135-36A 334-44 12th St., (right)/1200-14 Webster St., (left), 1/82

135-34 Building & alley entries, 334-44 12th St...., 1/82

Street or rural address: King Block

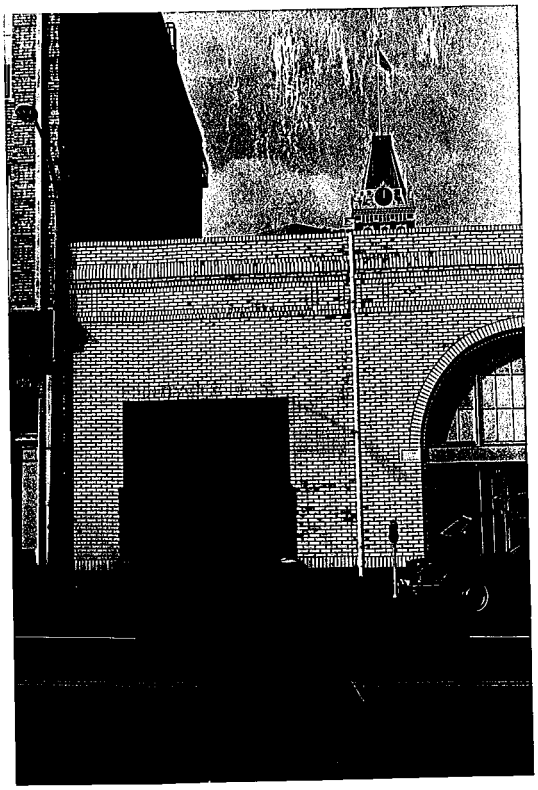
135-31 337-47 13th St. (left)/1218-26 Webster St. (right), 1/82



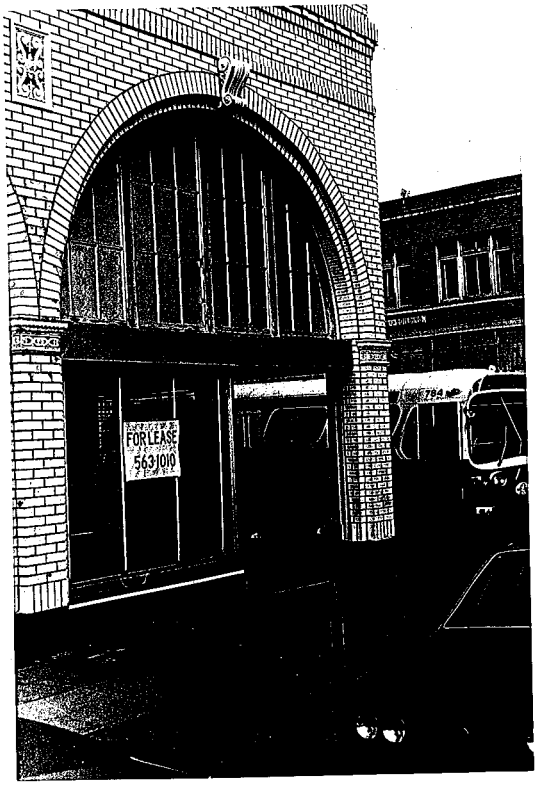
112-23 Easternmost bay on 13th St., 337-47 13th St., 12/81

Street or rural address: King Block

135-22A 301-33 13th St. (right)/1231 Harrison St. (left), 1/82



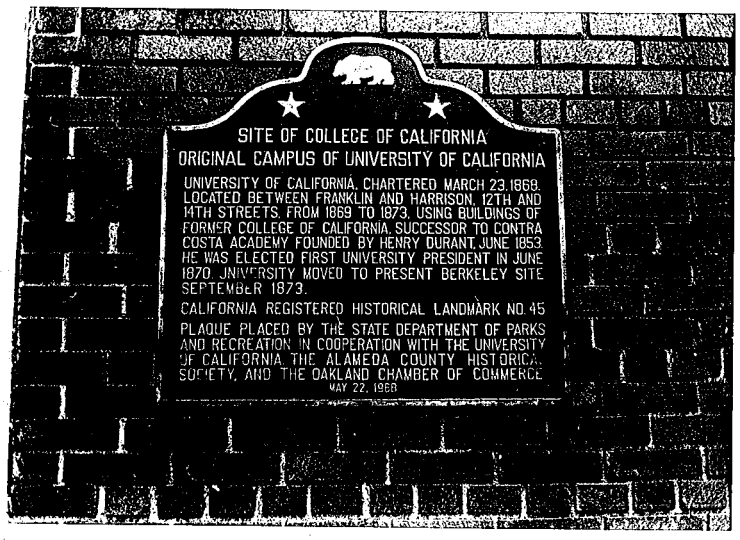
114-31A Store & alley entries, Harrison St., 301-33 13th St., 10/81



114-26A Corner bay, 301-33 13th St., 10/81

Street or rural address: King Block

114-33A Alley, c.1229 Harrison St./ c.1216 Webster St. looking west, 10/81



135-27 College of Calif. site marker on parking structure, northeast corner 13th & Franklin, 1/82

19. Historical and/or Architectural Importance (continued from page 2)

Street, Oakland (demolished in the 1970s). King sold the ranch in 1897 due to a lack of interest in the property by his two sons, and put his money into the development of Oakland real estate, most notably the subject block, which appears to have become the new family project. City tax assessment records indicate that King purchased the whole block from A. C. Dietz some time between mid-1903 and mid-1904. The block was originally part of the four-block College of California site developed in the 1860s (see SHRI form), and at the time of King's purchase it contained at least two of the old college buildings, College Hall at the northwest corner of 12th and Harrison and the former Brayton Hall, later the Dietz Opera House, at the northeast corner of 12th and Webster.

The first structure King built on the block was the King Building at 300-10 12th Street in 1904, followed by the Gates Stables Building at 337-47 13th Street/1218-26 Webster Street in 1906-07. In 1908 (1909 directory and 1908 block book) he formed the King Estate Company to develop and manage the family's real estate holdings, with himself as president, his son Joseph as secretary, and offices at 308 12th Street in the King Building. Directories indicate King's death about 1910. By 1911 his widow Kate had become the Estate Co. president, Joseph continuing as secretary and manager. These heirs completed construction of the King Block with 312-32 12th Street in 1913, 301-33 13th Street/1231 Harrison Street in 1916-17 and finally the Dietz Building at 334-44 12th Street/1200-14 Webster Street in 1922. The provision of the alley through the center of the block where no such feature had originally existed suggests a degree of long-range planning.

After construction was finished, the King Estate Company continued at 308 12th Street under Kate and Joseph King at least into 1924. A "Central Business District" map of about 1941 shows the King Estate Co. office on the block at 1261 Harrison Street, and seems to indicate the whole King Block as a single structure under a single ownership. The black tile splash panels on all the buildings, of about the same date, also indicate that the block continued to be owned and maintained as a unit.

King's children, Charles Jr., Joseph, and Pearl, achieved considerable success on their own. In addition to managing the King Estate Company, Joseph King became a director of the Bank of America, president of the Marchant Calculating Machine Company, president of the Oakland Chamber of Commerce (1916-18), president of the Athenian-Nile Club (see SHRI form for 400-10 14th Street), a founder of the Downtown Property Owners Association, and chairman of the Institutions Commission which created the Alameda County Plan for management of the public hospital, home for the aged and tuberculosis sanitarium. Charles King Jr. formed the Special Site Sign Company and is believed to have invented moving billboards. Pearl King married druggist Ernest Tanner and as Pearl King Tanner became a familiar figure in early radio, most notably as "Mother Sherwood" on the show "Hawthorne House."

The King Block is an early example in Oakland of a modern Chicago-influenced commercial block and of a design treatment that successfully organizes the public facades of large corner buildings. The buildings show the influence of early skyscrapers and Chicago commercial buildings in their skeletal articulation and expansive window areas. Their straightforwardness and economy of structure and ornament are typical of the uncluttered businesslike character of many early 20th century commercial buildings. As a group, the King Block appears eligible for listing on the National Register of Historic Places.

(see continuation page 15)

19. Historical and/or Architectural Importance (continued from page 14)

300-10 12th Street/1201 Harrison Street appears from assessment records to have been built some time between mid-1904 and mid-1905. The 1904 date on the cast-iron pilasters and the listing of the building in the 1905 city directory suggest that all construction occurred during 1904. A rendering of the building in the October 1904 issue of the Architect and Engineer (p.49) further corroborates this date and identifies the architect as A.W. Smith and the contractor as Ben O. Johnson. The building was constructed on the site of College Hall, which had a big arched signboard with gilded letters that King turned over to the Univeristy of California.

The King Building appears to have been designed primarily for the Polytechnic Business College which occupied the top three floors. The college is shown as a tenant in the Architect and Engineer rendering and is listed in the building in the 1905 directory. A directory advertisment describes the college as "The Largest and Best Equipped Business College West of Chicago" and notes its inclusion of a "shorthand institute" and "school of engineering". According to Merritt, Willis E. Gibson, the college's founder, owner and president, was prominent as a successful educator and "forceful worker in civic affairs." He founded the college in 1898, was twice president of Oakland's Chamber of Commerce, and was appointed by Governor Johnson to argue against the sixth amendment to the state constitution. The appointment assured his reputation as a spokesman for "good government, honesty and efficiency in civic affairs." By 1911, according to Davis and Blake, Gibson had expanded his College of Engineering enough to construct a separate building for the school at the corner of 13th and Madison Streets, while keeping the business college in the King Building. The school is important as an example of the advanced technical training for commerce and business that became available at the turn of the 20th century. It was the first of the block's office-serving uses.

Another early tenant and apparently another King family enterprise, was the W.J. Campbell Company which was listed in the 1906-08 directories, and appears to have occupied most of the building's ground floor, advertising in 1907 as "Importers and Manufacturing Grocers, Selling the Best Lines of Domestic and Imported Groceries, Wines, and Household Furnishings, and Delicacies to the Family Trade." Charles H. King was listed as president in 1906 and 1907 with son Joseph as secretary and treasurer. W.H. Campbell was vice president in 1906, replaced by King's son-in-law Ernest Tanner in 1907. Joseph King is listed as president in 1908.

A.W. Smith, who started his career as a draftsman with Bliss and Faville, designed many early 20th century Oakland buildings, including two in the Lakeside Apartment District, two in the Produce Market District, and the Hotel Ray in Old Oakland (see SHRI forms). An elaborate bungalow by him was the subject of an Architect and Engineer article in August, 1908.

The King Building appears to be individually eligible for the National Register as a locally early example of the Chicago-influenced commercial block, for the quality of its design distinguished by the strength and vigor of its massive end blocks and giant arcades, and for its intimate associations with Charles H. King.

(see continuation page 16)

19. Historical and/or Architectural Importance (continued from page 15)

312-32 12th Street, the third structure of the King Block, was built under permit #32308, issued 2 Aug. 1913 at a projected cost of $13,000. The owner is shown as J.H. King, the builder as P.J. Walker, and the architect as C.W. Dickey. Original tenants of the building are not known, but the c.1928 and c.1941 use maps show National Cash Register in the largest (west) space. Other spaces c.1928 were "scales", "electric fuses," "water heaters", and "bulletin."

Charles W. Dickey was one of Oakland's most important early 20th century architects, his other work including Kahn's department store, the P.G. & E. Building and the earliest section of the Oakland Bank Building (see SHRI forms for 1501-35 Broadway, 1625 Clay Street and 1200-12 Broadway).

334-44 12th Street/1200-14 Webster Street is the youngest building of the King Block, constructed under permit #70090, issued 22 June 1922 with a projected cost of $60,000. The owner is shown as the C.H. King Estate, the architect as William Knowles and the builder as "separate contractors", suggesting that Knowles supervised construction.

The building's name is derived from A.C. Dietz (1831-1904) and his Dietz Opera House, which had previously occupied the site. The opera house was originally the College of California's Brayton Hall, which Dietz acquired in 1873 when the college moved its campus to Berkeley. The relatively small (950-seat) opera house was the first theater in Oakland, providing at different times opera, stock, touring companies and vaudeville. A wooden structure, it burned down in 1911.

Architect William Knowles designed a number of important downtown Oakland buildings, including the Roos Brothers store at 1500 Broadway, the East Bay Water Company Building at 512 16th Street and the now-demolished spectacularly Gothic Elks Building at 1970 Broadway (see SHRI forms).

The c.1928 map shows stores selling cash registers, safes, auto supplies and lunch.

337-47 13th Street/1218-26 Webster Street, the second building on the King Block, is indicated by assessment records to have been constructed between mid-1906 and mid-1907. In December, 1912, building permit #28957 was issued for "alterations", the $13,500 cost indicating that the changes were substantial and probably included remodeling of the 13th Street side to its present appearance. No architect is given for the remodeling, but the contractor is shown as the P.J. Walker Company. A 1916 Oakland Tribune Annual photo shows the same two-building appearance of the upper floors as today.

The Gates Stables Company under "president" Alvah Gates is first listed in the building in the 1907 directory, advertising a "first class livery and boarding stable" in a "new fire-proof building". The stable continued to be listed in the directories, later under the proprietorship of Edward L. Swan, until 1913 when it had moved to 2454 Webster Street, most likely as a result of the remodeling. Although the stable remained at its new address for several more years, it is apparent that the increasing popularity of automobiles had decreased the need for horse-drawn livery services and had probably stimulated the 1912 conversion of the building to other uses.

(see continuation page 17)

19. Historical and/or Architectural Importance (continued from page 18)

Uses c.1928 were Otis Elevator Co., three stores' worth of (office) furniture, and a grocery. By c.1941 Otis continued, joined by IBM, Royal Typewriters, a laborers' union and the Southern Pacific employment office.

301-33 13th Street/1231 Harrison Street, the fourth structure of the King Block, was built under permit #44292, issued 8 Dec. 1916 at a projected cost of $22,370. The owner is listed as J.H. King, the builder as Schnebly--Hostrawser, and the architects as Charles W. Dickey, designer of 312-20 12th Street, and John J. Donovan.

Dickey and Donovan were in partnership for several years around 1915-20, their works together and individually during this period including the city's Temescal, Melrose, 23rd Avenue and Golden Gate Branch libraries. Donovan had come to Oakland about 1911 as a member of the New York firm of Palmer and Hornbostel to supervise construction of the new City Hall (see SHRI form for 1 City Hall Plaza). Shortly thereafter he designed the Oakland Municipal Auditorium and later became an expert on school architecture, his works including Oakland Technical High School and St. Mary's College in Moraga.

The building's uses c.1928 were Addressograph, real estate, water heaters, office furniture, hardware, and adding machines.

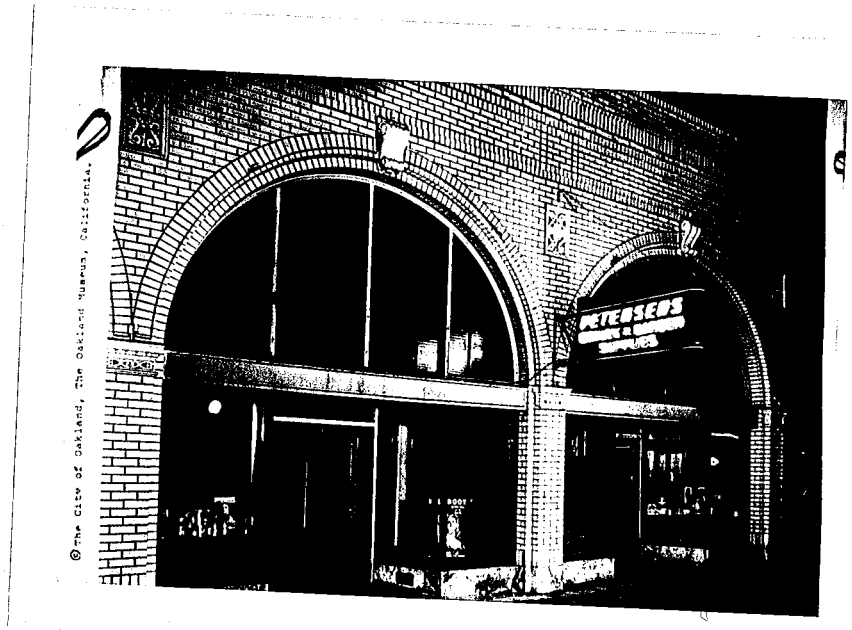
c.1229 Harrison Street/c.1216 Webster Street, the alley, was developed in stages between 1904 and 1922 as the buildings of the King Group were erected. It has considerable visual interest due to the rich textures of its common brick wall surfaces, the intimate character of its tight enclosure, and the strong rhythm of its segmental arched tripartite doors and windows. Such alleys are uncommon in Oakland; the presence of this particular alley and its incorporation into two of the buildings directly reflects the block's development under a single owner and the planned nature of that development.

21. Sources (continued from page 2)

Wente, "The Oakland Theatre 1890-1915," Oakland Library, 1965: 15, 29, 33-35, 42-43, 46-60.
The Architect and Engineer, Oct. 1904: 46.
Blake, Greater Oakland, 1911: 322-27.
Davis' Commercial Encyclopedia, 1914: 222.
Merritt, History of Alameda County, 1928, v. 2:464-67.
William Sturm, "Oakland History Notes: The Dietz Opera House," Oakland Heritage Alliance News, Summer 1983: 16.
"The Alameda County Plan," Oakland Tribune Annual, 1921: 34
"The Athens Athletic Club," Oakland Tribune Annual, 1923: 98
Oakland Chamber of Commerce, Achievement, Nov. 1915: 1, Dec. 1916: 1-3 and Oct. 1971: 1
"Central Business District, Oakland" (maps), c.1928, c.1941 and c.1950
Obituary, Joseph King, Oakland Tribune, 3 Jan. 1954
Photo, Oakland Tribune Annual, 1916: 79
Guinn, "Alfred Clinch Dietz," History of the State of California, 1928, v. 2: 573-74

Street or rural address: King Block

141-14A 300-10 12th St...., c. 1905 view, Source: Oakland History Room



172-13 301-33 13th St...., c.1935 view, Source: Rogers-Cohen Collection, Oakland Museum

Gates Stable Building
(to the left of Dietz Opera House)
c. 1910 view
Source: Oakland Heritage Alliance Newsletter
Summer 1983: 16.

Oakland History Notes

Photo courtesy of Oakland Public Library, Oakland History Room

The Dietz Opera House at the northeast corner of 12th and Webster was Oakland's first theater. Originally a lecture hall of the University of California, the building was purchased by A.C. Dietz in 1873 when the college moved to the more rural climes of Berkeley.

The theater, in spite of its name, never showed opera. Rather, the 950-seat hall featured the blood and thunder melodramas and bathetic tear-jerkers of the Gilded Age. Travelling companies treated Oaklanders to such gripping thrillers as "The Crime of the Century", "The Queen's Courier", and "Down the Slopes", a depiction of rugged mining life.

The founder of Oakland's first theater was a California pioneer, a member of San Francisco's early vigilance committees, a real estate entrepreneur, and a lover and collector of fine horses - "a splendid judge of equine flesh". Unfortunately, Mr. Dietz's loves extended beyond "equine flesh", for, in 1889, the "Oakland Enquirer" accused the worthy gentleman of conducting "slaughter houses of female virtue" throughout the city.

The Dietz Opera House ended its days as a vaudeville house. In 1911, this now somewhat shabby reminder of Oakland's pioneer days, burned to the ground.

--William Sturm

Spott Check

Report of Conditions

Appendix C

SpottCheck CONSULTING
Comprehensive Property Information Services

March 21, 2017

Leonard Marquez, Esquire
Wendel, Rosen, Black & Dean LLP
1111 Broadway, 24th Floor
Oakland, CA 94607 – 4036

Regarding: Report of Conditions – Harrison Building, Oakland CA – SCC Case #161212

Dear Mr. Marquez,

Upon your request, I inspected the interior of 10 units contained within the Harrison Building on December 16, 2016 and March 2, 2017. This building appears to be of Type III or IV construction. The occupancy type of the units inspected appeared to be of Type B or M Occupancy.

When evaluating the conditions encountered, I've referenced the Oakland Municipal Codes 15.08, otherwise referred to as the Building Maintenance Code and 15.04, otherwise referred to as the Building Codes. I've also referenced the California Fire Code (CFC), 2010 Edition, specifically, Chapter 38. Finally referenced is NFPA 58, which is the code document that deals exclusively with LPG gas. Chapter 38 of the CFC references NFPA 58.

Attached to this document I have included photographs secured during the inspection. I've also attached a table of relevant code sections for your reference.

Code requirements are typically a result of the study of catastrophic events and how they relate to building design, the methods of construction and use of the building. For example, the Loma Prieta Earthquake event that affected our area of California in 1989, resulted in significant changes and additional requirements to building construction methods.
Another example would be catastrophic fires that have occurred over time. Examples would be the Ohio State Penitentiary Fire (1930) and the Cocoanut Grove Fire (1942) [1]. Another example would be the London, Texas, School Disaster (1937)[2] . This fire cause was related to the unlawful use of fuel. These events prompted significant code changes and requirements to protect building occupants and the public from fires.

[1] www.strikefirstusa.com/2016/07/trial-by-fire-5-fires-ultimely-improved-world
[2] *NFPA Statistics* – www.nfpa.org/news-and-research/fire *statistics/deadliest/fire-statistics-and-reports*

1. **Unit 301 –** Smiling Sun - This unit appears to be in use for retail purposes for non-food items.

Observations:

On the ground floor, I observed:

A. A large stock of items for sale. Most of these items were not identified; however, I did observe a large quantity of incense;
B. High stacks of material mostly, in cardboard boxes. The stacks were to the ceiling in many locations;
C. Goods and boxes encroaching upon or completely blocking aisle widths;
D. An electrical panel that was obstructed by material. It appeared to be installed within the last 15 years. There was a non-metallic sheathed cable originating at the panel and not properly protected or secured to the wall. I suspect this circuit was added without permit or inspection;
E. Other instances where non-metallic sheathed cable (commonly referred to Romex) was spliced to a junction box and not properly secured. The manner of splicing the conductor at the electrical outlet is a violation of code and is unsafe;
F. A lavatory within the bathroom that did not provide hot water;
G. The toilet in the restroom was loose at the floor;
H. Electrical extension cords were used in place of circuitry. This is an unsafe practice and prohibited by code;
I. A second electrical panel that appeared to be older than the first one encountered. Access to this panel was completely obstructed;
J. A permanent source of heat within this unit was not observed. However, I did observe a box containing a portable heater – It may have been a personal or retail item;
K. A stairway was used for storage so that only 20 inches of tread and walking space was available;

The upstairs space consisted of two rooms – both of which had floor to ceiling storage.

L. One of the rooms had a desk, but given the amount of stored material on it, office use seemed unlikely;
M. I observed what appeared to be original electrical conduit for the building prior to being subdivided into units. Given the amount of stored material I was not able to trace its origin. This may indicate that somewhere within this space or possibly one of the others, there may be an electrical panel left over from when this building was one big space; possibly a warehouse;
N. I observed an open electrical splice.

Building Records Dating Back to 1980

O. No Building Records;
P. No Planning Records;
Q. No Enforcement Records.

Summary

There is a tremendous amount of "fuel load" within this unit with all the paper packaging as well as incense and plastic wrap. The height of the stacks of material poses a risk to any occupant in the event of even a mild seismic event. The path of travel within the unit is severely restricted. The conditions of the electrical components such as an open splice, the improper use of extension cords, and the apparent wiring modifications I observed, creates a threat of fire. If a fire were to occur in this unit, there would likely be sufficient fuel for it to quickly spread within and outside the walls of the unit. It is likely that given the compromised visual conditions during a fire and the severely compromised path of travel, any occupants would not be able to safely exit the unit.

2. **Unit 317 –** Princess Bakery – This is a in service bakery with a retail area in the front and cooking accommodations at the rear. There are three rooms upstairs; two are used for storage and the third is used for an office. My observations:
   On the ground floor:
   A. Bags of baking material blocking access to the electrical panel. This panel appeared to have been installed within the last 20 years;
   B. Multiple extension cords in use;
   C. Multiple baking appliances, most of which are electrically powered;
   D. There is a commercial range that is gas driven and has a hood that may be rated as a type I. I did not observe an Ansel Fire Suppression System;

   On the second floor:
   E. I observed a portable fan (powered by a cord/plug method);
   F. Multiple extension cords in use.

   Building Records Dating Back to 1980
   G. Building Records - Per the Planning and Building Departments Online Records – a building permit was issued in 1988, including electrical, mechanical, and plumbing permits for the creation of this bakery;
   H. Planning Approval **-** Planning approval was obtained in 1988 for the creation of this new bakery.
   I. Enforcement Records - No records found in the enforcement records.

   Summary

   The housekeeping efforts of this unit was reasonable. I did observe a green placard taped to the front window from the Department of Environmental Health, stating a "PASS" inspection performed on December 7, 2016. This placard also indicated a previous inspection was performed on 3/13/15.

3. **Unit 315** is covered under a separate report.

4. **Unit 319 –** Dang Hao Hairwearing - This unit appears to partially used for retail of various goods and for residential purposes.
   Observations - On the ground floor, I observed:
   A. A Federal Pacific subpanel; access to which was obstructed by stored materials;
   B. Excessive use of extension cords;
   C. Sleeping rooms without emergency egress or the ventilation and natural light requirements for sleeping rooms;
   D. Multiple instances of propane tanks stored and/or in use;
   E. Kitchen appliances (refrigerator, 2 microwaves, electric range, two hotplates powered by propane, 2 tanks stored under counter area, cooking materials such as oil, seasoning etc.).
   F. A full-sized bathroom with tub/shower and personal hygiene items along with bath towels;
   G. A room full of boxes and other paper goods stacked to the ceiling;
   H. Two open electrical junction boxes;
   I. Stored material blocking the rear egress;
   J. Stored materials completely blocked the water heater;
   K. A hallway stacked with boxes and other material to a height of 6+ feet that reduce the width significantly
   L. Cooking facilities were located within the bathroom.

On the upper floor, I observed:

   M. Two sleeping rooms, each with beds made up with bedding. Each of these bedrooms also had a significant amount of storage, one was such that I was unable to enter the room given the material blocking the doorway. These rooms lack emergency egress and the natural light and ventilation required for sleeping rooms;
   N. One of the sleeping rooms had a clothes rod with hangers;
   O. At the front of the unit, and at the top of the stairs, is another bedroom made up with sheets. This room also contained significant amounts of boxes and other stores material. A closet pole with hangers was established in this room. There was also clothing on hangers and hooks within this room. This room also lacked a means of emergency egress;
   P. Items were stored on the stairway to this bedroom reducing its travel width.

Building Records Dating Back to 1980

   Q. Building Records - The only building permit I could locate was issued in 1991 for a “meter reset”.
   R. Planning Records - In June of 2005. Planning approved the location for the use of “general retail sales; hair care. This permit has been finaled.
   S. Enforcement Records - No enforcement records were located.

Summary
I observed multiple electrical code violations including open electrical junction boxes and unsafe splices. The use of extension cords in lieu of permanent circuit wiring and appropriate receptacles is a violation of code and is dangerous. Extension cords are meant to be temporary in nature. The insulation is typically not rated for extended use. The cords observed were used in such a way that physical damage to the insulation and wiring was possible. The plug and receptacle configuration in these devices can loosen over time and electrical arcing, shock or short circuits can result.
The electrical demand observed in this unit is significant. For example:

1. two microwaves;
2. refrigerator;
3. electric water heater;
4. rice cooker;
5. 3.5-gallon water pump;
6. electronic sound and computer equipment,
7. televisions,
8. and portable fans.

Federal Pacific Panels have been documented to have dangerous defects leading to circuit overloads and fire. The conditions of the electrical wiring; the use of Federal Pacific[3] panels, along with the propane tanks and significant fuel load provided by the storage of paper good and debris, the possibility of fire in this unit is high. Debris encroaching paths of travel create an unsafe condition of occupancy. The use of propane indoors presents a very hazardous condition particularly combined with the multiple unsafe electrical conditions.
Additionally, this unit has not been approved for residential use and as indicated, does not meet the requirements for a residential use. There was not an apparent permanent source of heat. This is problematic because occupant will often turn to a portable type heater when needed and these pose a high electrical demand and can be dangerous if tipped or not carefully monitored.
Occupancy of this unit in its current manner is very unsafe. Electrical repairs and improvements are needed.

5. **Unit 323** - Joanna Beauty Salon – This unit has a sign in front "Joanna Beauty Salon" and shows the address of 321 in addition of 323. In service beauty salon and possibly massage service.
   On the ground floor, I observed:
   A. An in-service beauty salon with a kitchen located toward the rear that has a cooking range, microwave, sink with counter and cabinets, and a refrigerator;
   B. There is an electrical panel with a PGE smart meter located within a cabinet in the main service area of the salon. Inside the main panel there are multiple knockouts that have been removed and not replaced

[3] Is My Panel Safe? – http//: ismypanelsafe.com/fpe_experts.aspx

with the required covers. Knockouts are the openings in panels where breakers can be added. There is a metal tab that is easily removed, hence the term, "knock-out". Once these are removed, if not filled with a circuit breaker, a proper metal cover must be installed. This is essential to provide protection from accidental contact to energized parts.

C. The panel is not completely labeled. The meter box does have a green sticker typically installed when the city completes a final inspection for the new electrical. The date of this sticker could not be read;
D. The underside of the stairway leading to the 2nd floor was not covered with sheetrock. Materials are stored below. Adding a layer of fire rated sheetrock offers protection to the egress components in the event of fire;
E. Toward the rear of the first floor a child's bicycle was observed in the hallway;
F. There is a full bathroom on the first floor with a stall shower;
G. There is a kitchen with two cooking ranges and a microwave;

On the upper floor – there are 3 rooms with a loft area. These rooms contain paper debris and massage tables.

H. The stairway was encumbered with bags of clothing and debris.
I. There was an open electrical splice observed from the stairway in the loft area;
J. In the massage rooms, there were some electrical components:
    a) Two portable heaters;
    b) Hand-held vibrators;
    c) A misting machine – possibly a humidifier.
K. The hallways were obstructed with storage of paper goods;
L. One room stored boxes and wrapping paper;
M. A room had a "massage table" and another table made up with bedding;
N. The walls appear to have some water damage;
O. The is an electrical box that lacks a switch device. Wire are within the box – unprotected from contact;
P. In the loft area, there was a light fixture hanging from the ceiling by the power cords. This causes a dangerous strain to the wiring that may lead to power arcing and short circuit. There is also an open spice here where new conductors were spliced to older conductors;
Q. I observed the use of extension cords in place of permanent wiring;
R. I observed non-metallic sheathed cable running along the wall and unprotected from damage.

Building Records Dating Back to 1980

S. **Building permits** - City records show an electrical building permit issued in 1990 for a new electrical panel also service lights and plugs. This permit has been finaled.

T. **Planning** Department - In 2003 the planning department approved this space for "general personal service salon – haircut, Perm, coloring, skin care.

U. **Enforcement** Records –
   a) In August of 1990 a stop work notice was placed on the property for doing work without permit. It was abated;
   b) In February of 1993 a complaint was made for installing a sign over the sidewalk without permit with the name of Oakland Printing. This violation was abated.

6. **Unit 325** – This unit is vacant.
7. **Unit 329** – This unit is vacant.

8. **Unit 333 - Health Center** - This unit has a sign in front for Yan Lan Health Center featuring Massage and Acupuncture. My observations:
   On the ground floor:
   A. There is a front reception area;
   B. There was an electrical main service panel and meter in the front room. The meter had a green tag on it indicating inspection and approval from the City of Oakland's Building Department dated 1992. The main distribution panel had several exposed knock-outs that had been taped over. This is not an approved method for sealing removed knockouts;
   C. There was a full kitchen at the rear of the unit. It contained a gas range; a clothes dryer, a clothes washer, a gas-powered water heater that was fully obstructed by furnishings, possibly a furnace located alongside the water heater, though given the obstruction of furniture and debris I could not ascertain this; a full kitchen cabinet and countertop assembly with a serviceable kitchen sink;
   D. In the kitchen, I observed multiple open electrical splices and excessive use of extension cords;
   E. The rear door had a security door installed. I observed a keyed padlock preventing this door from use;

Upper floor observations:

   F. There was a room that contained a full mattress set, leaned against the wall with a 3-drawer dresser. Also, located in this room was a clothes hanger rod with clothing;
   G. An adjoining room had a table that was made up with a mattress and bedding. It appeared shorter than the height of a "standard" massage table;
   H. The next adjoining room also had a massage table of similar height that was made up with a mattress and sheets. This may have been used for sleeping purposes;
   I. Another room had a mattress and a cabinet. A couch and dresser was also in this room;

J. Clothing was hung in the closet;
K. The bathroom contained personal skincare and haircare products;
L. An office was located on the second floor, with typical office equipment.

Building Records Dating Back to 1980

M. Building Permit Records –
   a) An electrical permit issued in May of 1992 for a meter reset. This permit was finaled.
   b) In May of 1993 a building permit was issued for the installation of an awning in front. This was finaled.
N. Planning Records
   a) In November of 2014, the Planning Department approved the development of a health center including massage.
   b) In September of 2014 the planning department provided a zoning clearance for a massage health center.
   c) In July of 2014 zoning clearance was issued for a skin care spa (facials). This zoning clearance in July also indicated a change of ownership.
O. Enforcement Records
   a) In August of 2016, a habitability complaint of "possible tenants living in building, remodeled/updated interior without permits, unapproved kitchen at rear of building". A city inspection followed and validated the complaint. It is currently pending.
   b) In January of 2016, there was a complaint of a "possible broken water pipe bursting in the wall. Water dripping from ceiling for at least 30 minutes, water stains on wall". This violation is currently closed.
   c) In June of 1993 there is a violation noted for "alteration/addition to mezzanine, lighting, possible change of use from retail to assembly use. This violation was abated.
   d) In May of 1993 a violation was issued for "remodeling of 1st floor bathroom w/o permits, stop work order issued." This is closed.
   e) In March of 1993 a complaint was received of work without permits; however, this complaint was never verified so this has been abated.

Summary

The electrical safety issues are significant. Open electrical splices and the excessive use of extension cords provide a fire hazard. Electrical extension cords are not rated for permeant use as circuit conductors and all electrical splices should be contained within a sealed junction box. This is to protect the surrounding areas from arcing or excessive heat.

The presence of a full bed sets with a dresser raises the possibility that the unit is being used for residential purposes.

9. 1261 Harrison – Yuan Buddhist Center of America –

Inspection Observations - This unit is a Buddhist Center with the front room for prayer and meditation.

On the ground floor:

A. There is an office;
B. There is a restroom;
C. There is a kitchen at the rear on the first floor with full cooking facilities – a commercial double bowl sink, and self-standing burners that are powered by propane stored in 40 pound tanks. Multiple tanks stored in kitchen. I counted five 40-pound propane tanks (2 in the kitchen and 3 stored in hallway) as well as an additional tank that is estimated to be about 80 pounds;
D. An electrical subpanel found on the lower floor of the unit is a Federal Pacific type with Stab-Lok breakers. The circuits were not fully labeled;
E. The stairway & hallways were being used for the storage of grocery goods and other material.

On the upper floor;

F. Stored materials were on the stairway reducing its travel width;
G. Stored materials in the hallway reduced the travel width;
H. Upstairs there were rooms that were being used for the storage of food and other materials. There was a subpanel that appeared to be recently installed (within the last 10 years) with 9 circuits – 7 of which were not properly identified.
I. A forced air furnace was located at the end of the hallway on the second level. Access to the appliance was not possible due to the storage of materials in front. This appliance was not inspected or tested.

Building Records Dating Back to 1980

A. Building Records –Building permit records for this address were not found;
B. Planning Records –
    a. There is a pre-planning application for this address that is currently under review. The project name is Monarch Tower.
    b. In March of 2013 zoning clearance was sought for a consumer service commercial activity – (new hair stylist located with existing hair salon). This is tied to the address of 323 13th Street. This application was approved.
    c. In March of 2013, zoning clearance was sought for a retail sales and online sales of jewelry. This was approved.
    d. In September of 2008, zoning clearance was sought for the operation of a Community Assembly service for a Buddhist

Temple at the ground floor of an existing facility. This was approved.

C. Enforcement Records – Planning enforcement records were not found.

Summary
There are multiple life-safety concerns with the current condition of this unit:

A. The storage of materials with the hallways and on the stairway significantly reduces the travel width of these paths of egress. Should these materials fall over or scatter due to a seismic event, the obstructions could retard the safe egress of any building occupant.
B. The presence of the propane tanks is unlawful and extremely dangerous.
C. The Federal Pacific panels with Stab-Lok breakers have a history of defective performance that have resulted in failure and fire. They are no longer manufactured. Even if these panels are well maintained, their historical performance of malfunction warrants a replacement.

10. **1269 Harrison – Flower Shop** – This appears to be an in-service flower shop and plant store.

On the lower floor:

A. There was a significant accumulation of debris in this unit. Maneuvering through this unit was difficult given the storage of material that blocked my way.
B. There is a small room located at the top of a stairway behind the register area, that the tenant had to remove material stored on the stairway, to enable my access. Space in this room afforded only the space for one person. Observed within this room was a Federal Pacific Panel mounted within a recessed box.
C. At the front of this unit was a closet full paper products such as cardboard boxes and packaging paper. Another electrical box was observed, also a Federal Pacific. The panel had been modified with duct tape covering any circuit breakers remaining within the panel. This panel box was populated with wiring.
D. There was a stairway at the rear that lead to a bathroom.

Building Records Dating Back to 1980

E. Building Records – The only construction permits for this address found were for public works projects in public right of way. I was not able to identify any building permit records for the last 20 years.
F. Planning – No planning records found.
G. Enforcement Records – In 2012 there was a Graffiti complaint that has been abated.

Summary –

My observation of both electrical panels lead me to the opinion that both have been modified since their initial installation. The modification at the panel in front was certainly contrary to code and safety requirements.
The amount of materials and debris within the unit poses a distinct risk to the building occupants, responding emergency personnel and neighboring properties.

Final Summary for all units:
I did not observe any fire suppressions systems or fire alarm systems in any of these units.

I was unable to determine the date of the development of these units. This is relevant because building codes are not retroactive, so code requirements found in current editions of the building code do not necessarily reflect the requirements when the work was initially done. However, modification of components, installed under older codes, must comply with the code requirements in effect at the time of the modification. Importantly, this is verified by the building permit process, where the work is inspected by a competent professional.

It is apparent to me that many modifications, primarily electrical, were done to building components. Given their non-compliant nature and the lack of building permits (dating back to 1980), I opine that the work observed was done without the benefit of the required codes and inspection.

Electrical components go through a rigorous testing process where they become rated and approved. This is true for wire insulation and breakers. Electrical energy carried on conductors generates heat. If components are not rated for demand (heat), they can fail. Failure can have disastrous effects. One such effect is fire. These fires can start in a smoldering phase and become fully developed over time. Such fires are often undetected during this smoldering phase, so when the fire starts, it may be extremely difficult to suppress.

Fire rated assemblies are required to be constructed between each unit. This is intended to slow the progress of fire so occupants can escape and emergency response be started. The integrity of any fire rated assemblies between units could not be confirmed; however, given the type of ceilings observed (acoustic tile) it is likely that any such ratings are compromised.
Combine this with the tremendous fuel load that was observed in many of these units; a fire in one unit can have disastrous effects on the entire building and the rest of the units, as well as neighboring properties.

Path of travel requirements in the building and fire codes consider not only the needs of the occupant, but also the needs of fire and rescue personal. So, as in the case of

many of these units, not only are the occupants jeopardized but any rescue attempts would be as well.

The storage or use of propane tanks indoors is unlawful per the California Fire Code and NFPA 58. This gas is heavier than air and can settle into pockets which can then be quite explosive and flammable. These tanks, found in many of the units, as well as the restricted access and travel way, make fighting a fire a dangerous consideration. The escape or rescue of the occupants may be impossible.
The building code also categorizes occupancy into types. As previously indicated, these units are likely an occupancy type B (Business) and M (Mercantile). Residential use is not allowed in these types of occupancy. A residential occupancy has unique requirements, established to protect the occupants, particularly when sleeping. I did not observe any smoke detectors in any of these units, or carbon monoxide detectors; this is a basic protective measure that is required for residential occupancies. The lack of emergency egress for sleeping occupants is very dangerous. The significant compromise to the path of travel is also dangerous.

If one wants to legally change the occupancy group, there are specific steps required by the Planning and Building Department.

Given the conditions I observed in these units, except for the Princess Bakery, the occupancies are hazardous and should be terminated until corrective steps can be taken. In the case of the Princess Bakery, electrical repairs and upgrades are needed.

Please reference the photos on the following pages.

Respectfully submitted,

Susan E. Spott, CSLC #938519
ICC #1063339

301 13th – Smiling South

301 13th – Smiling South

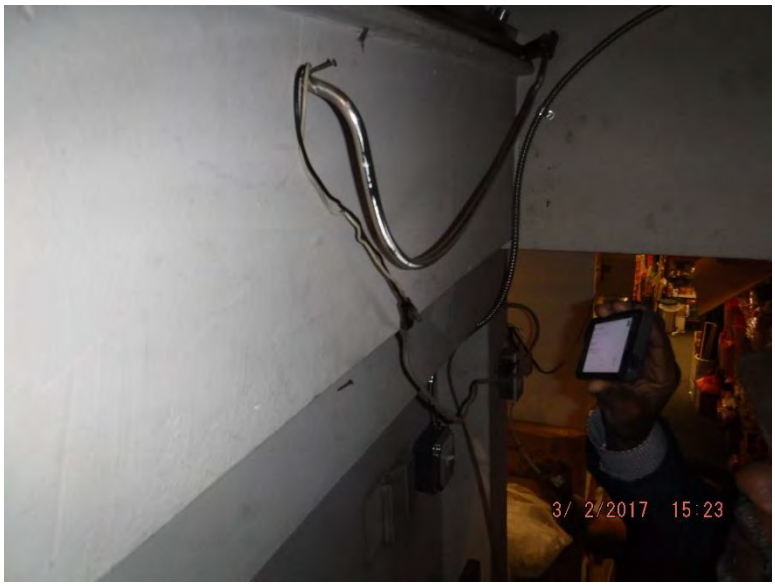
Interior 301

Interior 301

Interior 301

Interior 301

Interior 301



Interior 301

317 – Princess Bakery

317 – Princess Bakery

317 – Princess Bakery

317 – Princess Bakery

Unit 319 – Retail Sale – Hair Products – Hair Salon

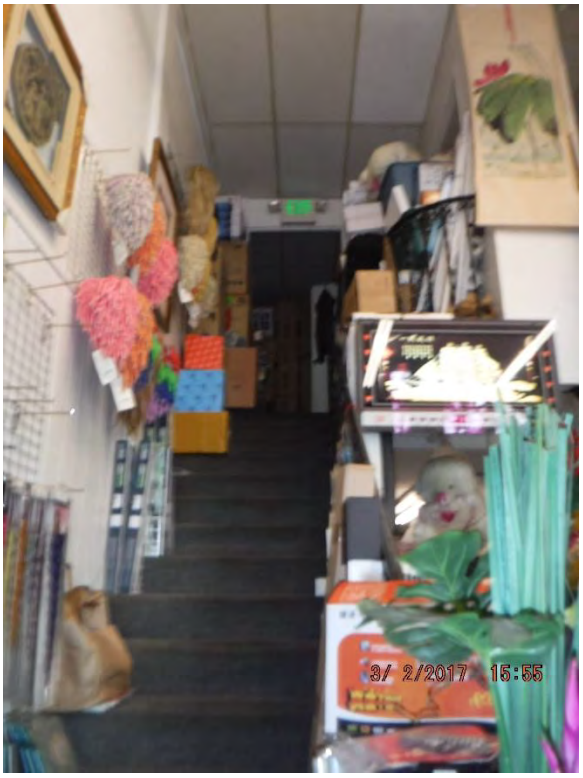
Unit 319 – Interior

Unit 319 – Interior

Unit 319 – Interior

Unit 319 – Interior

Unit 319 – Interior



Unit 319 – Interior

Unit 319 – Interior

Unit 319 – Interior

Unit 319 – Interior

Unit 323 – Joanna Beauty Salon

Unit 323 – Interior

Unit 323 – Interior

Unit 323 – Interior

Unit 323 – Interior

Unit 323 – Interior

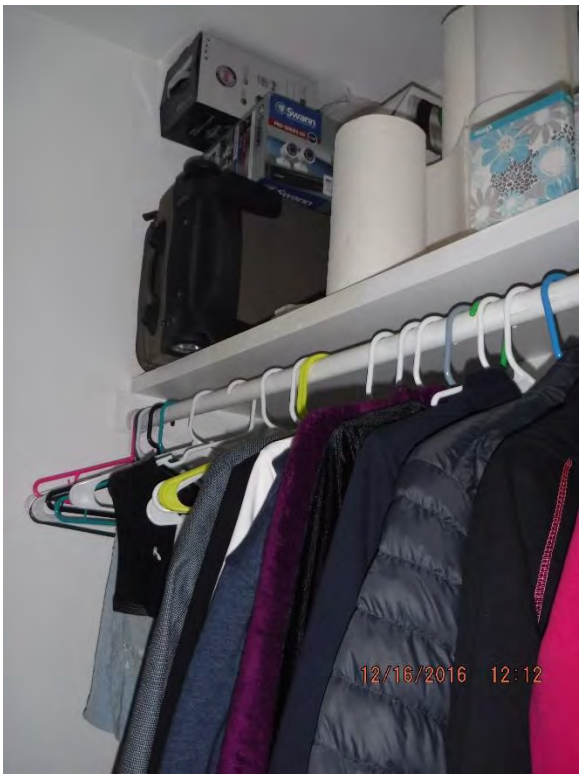
Unit 323 – Interior

Unit 333 – Health Center

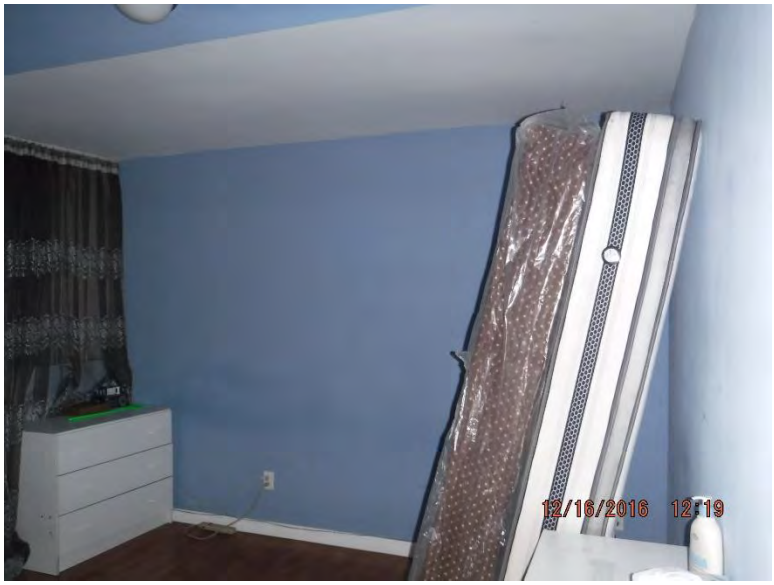
Interior Unit 333

Interior Unit 333

Interior Unit 333



Interior Unit 333



Interior Unit 333

Interior Unit 333

Interior Unit 333

Interior Unit 333

Interior Unit 333

Unit 1261 Harrison – Buddhist Temple

Unit 1261 Harrison – Interior

Unit 1261 Harrison – Interior Ground Floor Hallway

Unit 1261 Harrison – Interior - Kitchen

Unit 1261 Harrison – Interior - Kitchen

Unit 1261 Harrison – Interior

Unit 1261 Harrison – Interior – Federal Pacific Electrical Panel

Unit 1261 Harrison – Interior

Unit 1261 Harrison – Interior

Unit 1261 Harrison – Interior - Furnace

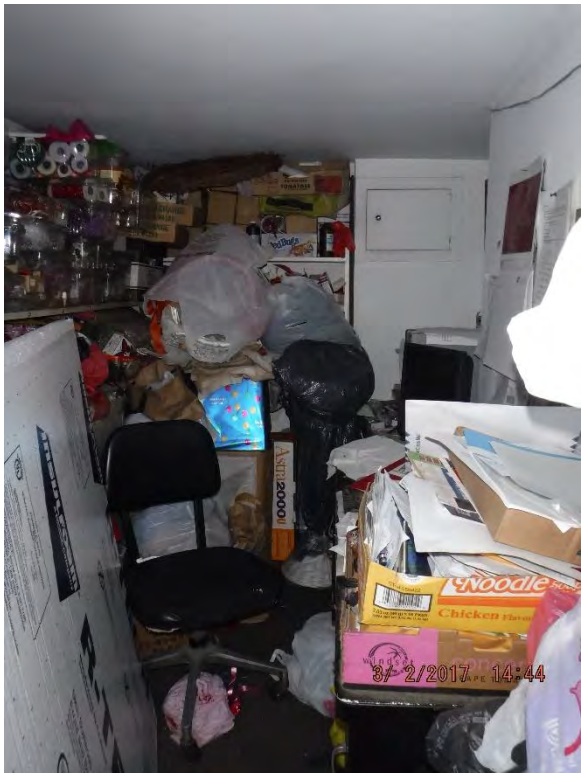
Unit 1261 Harrison – Interior – Upstairs Hallway

1269 Harrison – Florist

1269 – Interior

Unit 1269 – Interior

Unit 1269 – Interior



Unit 1269 – Interior – Office Space at Top of Stairway

Unit 1269 – Federal Pacific Panel and Unsafe Modifications – Upstairs Office

Unit 1269 – Interior Condition – Stairway Leading from Office

Unit 1269 – Closet at Front with Modified Electrical Box

Unit 1269 – Closet in Front – Modified F.E. Panel

END OF REPORT

CODE REFERENCE FOR The Harrison Building - Case 161212

THIS DOCUMENT IS PROTECTED

Condition	Code Summary	Code Section
Improper Occupancy	A substandard building is defined when there is an improper occupancy.	OMC 15.08.340.N
Prohibited Use	No person shall use or occupy or allow another person to use or occupy any residential or non-residential building or structure or portion thereof for living, sleeping, cooking or eating purposes unless such space or room or rooms conform with the requirements of this Code for for habitable space and of the Oakland Planning Code.	OMC 15.08.230.L
Vector Control	Every room, corridor, hallway, passageway, stairway, wall, partition, ceiling, floor, skylight, glass window, door, carpet, rug, matting, window curtain or shade or drapery, water closet compartment, toilet room, …. And the premises of every residential and non-residential building shall be kept clean, sanitary, and free from an accumulation of debris, filth, rubbish, garbage and other offensive matter....	OMC 15.08.230.Q.1
Electrical Requirements	All electrical equipment, wiring, appliances and fixtures shall be installed and maintained in a safe manner in accordance with the Oakland Building Construction Code and other applicable laws. All electrical equipment, wiring and fixtures	OMC 15.08.260.C
Sleeping Room Emergency Egress	Sleeping rooms below the fourth story shall have at least one operable window or exterior door approved for emergency escape or rescue. The units shall be operable from the inside to provide a full clear opening with the use of separate tools.	OMC 15.08.270.C
Heating Requirements	All habitable space shall be provided with heating facilities capable of maintaining a room temperature of 70 degrees F at a point 3 feet above the floor. Such facilities shall be installed and maintained in a safe condition and in accordance with the Oakland Building Construction Code and all other applicable laws. Unvented heaters shall not be permitted. All heating devices or appliances shall be of an approved type.	OMC 15.08.260.A
Graffiti Abatement	Whenever the City Administrator determines that Graffiti exists on any occupied real property or any personal property in the city which is visible from the street, right-of-way or other public or private property, the City Administrator or his or her designee shall promptly notify the owner)s) of such property, and may notify the person(s) in possession or control of such property if different from the owner(s), to remove or paint over the Graffiti. the removal must be accomplished with ten (10) days after receipt of such notification or within fifteen (15) days after the notice is deemed to have been received in the event notice is mailed	Title 8 - Oakland Health & Safety Code - 8.24.020
Use of LPG Containers	LP-Gas containers shall be located outside of buildings unless they are specifically allowed to be located inside of buildings	NFPA 58 6.2.1
Use of LPG Containers - basements or pits	LP-gas containers shall not be used in a basement, pit or similar location where heavier-than-air gas might collect. LP-gas containers shall not be used in an above-grade underfloor space or basement unless such location is provided with an approved means of ventilation. Exception: self-contained	2010 CFC 3803.2.1.1
LPG tanks stored in building egress components	LP-gas containers stored in building in accordance with Sections 3809.9 and 3809.11, shall not be located near exit access doors, exits, stairways or in areas normally used, or intended to be used, as a means of egress.	2010 CFC 3809.4
Storage within building accessible to the public	DOT specification cylinders with a maximum water capacity of 2.5 pounds used in completely self-contained hand torches and similar applications are allowed to be stored or displayed in a building accessible to the public.	2010 CFC 3809.9

OMC = Oakland Municipal Code

CFC = California Fire Code

NFPA = National Fire Protection Association

THE LANGUAGE FOUND IN THIS SUMMARY MAY DEVIATE SLIGHTLY FROM TEXT; HOWEVER - THE INTENT IS THE SAME. THE READER IS RECOMMENDED TO VERIFY TEXT FROM SOURCE.

CODE REFERENCE FOR The Harrison Building - Case 161212

THIS DOCUMENT IS PROTECTED

Condition	Code Summary	Code Section
Improper Occupancy	A substandard building is defined when there is an improper occupancy.	OMC 15.08.340.N
Prohibited Use	No person shall use or occupy or allow another person to use or occupy any residential or non-residential building or structure or portion thereof for living, sleeping, cooking or eating purposes unless such space or room or rooms conform with the requirements of this Code for for habitable space and of the Oakland Planning Code.	OMC 15.08.230.L
Vector Control	Every room, corridor, hallway, passageway, stairway, wall, partition, ceiling, floor, skylight, glass window, door, carpet, rug, matting, window curtain or shade or drapery, water closet compartment, toilet room, …. And the premises of every residential and non-residential building shall be kept clean, sanitary, and free from an accumulation of debris, filth, rubbish, garbage and other offensive matter....	OMC 15.08.230.Q.1
Electrical Requirements	All electrical equipment, wiring, appliances and fixtures shall be installed and maintained in a safe manner in accordance with the Oakland Building Construction Code and other applicable laws. All electrical equipment, wiring and fixtures	OMC 15.08.260.C
Sleeping Room Emergency Egress	Sleeping rooms below the fourth story shall have at least one operable window or exterior door approved for emergency escape or rescue. The units shall be operable from the inside to provide a full clear opening with the use of separate tools.	OMC 15.08.270.C
Heating Requirements	All habitable space shall be provided with heating facilities capable of maintaining a room temperature of 70 degrees F at a point 3 feet above the floor. Such facilities shall be installed and maintained in a safe condition and in accordance with the Oakland Building Construction Code and all other applicable laws. Unvented heaters shall not be permitted. All heating devices or appliances shall be of an approved type.	OMC 15.08.260.A
Graffiti Abatement	Whenever the City Administrator determines that Graffiti exists on any occupied real property or any personal property in the city which is visible from the street, right-of-way or other public or private property, the City Administrator or his or her designee shall promptly notify the owner)s) of such property, and may notify the person(s) in possession or control of such property if different from the owner(s), to remove or paint over the Graffiti. the removal must be accomplished with ten (10) days after receipt of such notification or within fifteen (15) days after the notice is deemed to have been received in the event notice is mailed	Title 8 - Oakland Health & Safety Code - 8.24.020
Use of LPG Containers	LP-Gas containers shall be located outside of buildings unless they are specifically allowed to be located inside of buildings	NFPA 58 6.2.1
Use of LPG Containers - basements or pits	LP-gas containers shall not be used in a basement, pit or similar location where heavier-than-air gas might collect. LP-gas containers shall not be used in an above-grade underfloor space or basement unless such location is provided with an approved means of ventilation. Exception: self-contained	2010 CFC 3803.2.1.1
LPG tanks stored in building egress components	LP-gas containers stored in building in accordance with Sections 3809.9 and 3809.11, shall not be located near exit access doors, exits, stairways or in areas normally used, or intended to be used, as a means of egress.	2010 CFC 3809.4
Storage within building accessible to the public	DOT specification cylinders with a maximum water capacity of 2.5 pounds used in completely self-contained hand torches and similar applications are allowed to be stored or displayed in a building accessible to the public.	2010 CFC 3809.9

OMC = Oakland Municipal Code

CFC = California Fire Code

NFPA = National Fire Protection Association

THE LANGUAGE FOUND IN THIS SUMMARY MAY DEVIATE SLIGHTLY FROM TEXT; HOWEVER - THE INTENT IS THE SAME. THE READER IS RECOMMENDED TO VERIFY TEXT FROM SOURCE.

TC Consulting

Fire and Life Safety Inspection

Appendix D

Fire and Life Safety Inspection
1261&1269 Harrison Street
301-333 13th Street
Oakland, California 94612

Prepared By:

T.C.

Consulting
P.O. Box 467
El Cerrito, Ca. 94530

L2pm@comcast.net
(510) 815-1759

4/18/2017

Table of Contents

A. Introduction

This inspection report is submitted for the building addressed as 1261 and 1269 Harrison Street and 301, 315, 317, 319, 323, 325, 329 and 333 13th Street. The purpose of the inspection was to identify existing life safety and fire code violations citing respective code sections, and to report on the overall conditions and scope of hazardous conditions that need to be brought into compliance.

While conducting this fire and life safety inspection we made every effort to identify all flagrant hazards. Given the crowded, condensed arrangement and storage of merchandise in many of the units, certain areas were inaccessible to our inspection and examination, therefore, we cannot guarantee that all violations were identified, and shall not be held responsible for violations and conditions where access was limited.

B. Project Scope

T.C. Consulting has agreed to provide consulting services for the survey phase of this project as outlined in Pinnacle Red Group, Inc.'s (Project Sponsor), January 23, 2017 communication.

1. Conduct a physical survey of the property at 1261 Harrison Street
2. Identify conditions that violate the Fire Code and make a written record of the conditions and salient ordinances
3. Provide proposed remedies for the violations where they occur
4. Produce a detailed report describing the visit and observations

In exchange for these services, "the Project Sponsor agrees to indemnify, defend and hold Consultant harmless from and against claims for damage or liability (including without limitation, attorneys' fees, expert and consultant fees, and other costs and fees of litigation) which in any manner arise out of, or relate to, the scope of this Agreement."

T.C. Consulting hourly rate for service is $200.00/hr. The following is an estimate of the time required to perform inspection services, complete draft document and final report.

1. Inspection-Survey, pictures and notation of violations- 3 hours
2. Draft Report- Code review research and document preparation-20 hours
3. Final Report- 1 hour
4. Any additional services will be charged at $200.00/ hour

If you have any questions you can reach me at Cell: (510) 815-1759 or E-mail L2pm@comcast.net.

_____ **Date:** _____

Lucky R. Thomas, Principal

_____ **Date:** _____

Fred Daven, Sr. Vice President

C. SUMMARY

This is a ten unit unsprinklered Type III, or IV construction building operating as a B, M, and S Occupancy, with eight of the units occupied and open for business. All units were inspected except for 323 13th Street, Joanna Beauty Salon, which was closed at the time of our inspection. **A subsequent inspection can be performed upon request.**

In general, many of the units appear to have added electrical outlets, using unprotected sheathed/ Romex wires, metal clad wiring and extensive use of extension cords and power strips. It is doubtful that any permits were obtained for these alterations. Walls throughout the units have unrepaired penetrations that create potential fire and smoke spread from units and throughout the building.

Building tenants by and large have excessive storage that has created an extreme fire load, and a significant life safety hazard. Many of the fire extinguishers are blocked, hidden or inaccessible due to the excessive storage and poorhouse keeping. Emergency exiting is exacerbated by these conditions, creating diminishing exit paths, meandering aisles space, and restricted stairways making it difficult for the public or tenants to evacuate expeditiously in an emergency.

Further, it was noted that there is evidence of sleeping rooms, commercial cooking-without adequate suppression systems, and improper use and storage of propane tanks.

Overall, the above conditions create hazardous, unsafe conditions in the majority of the units that jeopardize the life safety of the tenants, public and responding firefighting personnel.

D. INSPECTIONS

I. Unit: 1261 Harrison St.
Business: FA Yuan Buddhist Center

Inspection Findings

Electrical

Electrical extension cords and power strips/taps used for lighting and other electrical needs were located throughout the ceiling on the main floor and stairs and hallway area. Non-metallic sheath/Romex wire penetrations were located along the stairway and walls. Light switch covers were missing on the main floor south wall creating electrical hazards.

Remedy:

1. Relocatable power taps shall be of the polarized or grounded type, equipped with over-current protection, and shall be listed and directly connected to a permanently installed receptacle and shall not extend through walls, ceilings or floors. (CFC 605.4.1, 605.4.2, 605.4.3)
2. Remove extension cords in lieu of permanent wire (CFC 605.5)
3. Provide 30 inch clearance in front of panel (CFC 605.3)
4. Remove and replace exposed non-metallic sheath/Romex wire with approved wiring and obtain approved permits from the building department (CFC 605.1)
5. Provide approved covers for switch and outlet boxes (CFC 605.6)

Storage

Excessive storage was noted on the exit stairs, 1st floor hallway to kitchen, mezzanine/2nd floor hallway, storage and mechanical rooms. Storage was stacked to the ceiling exceeding the 2-foot code required clearance. Although the furnace appeared to be out of service, the fire code restricts storage in mechanical and electrical rooms due to the potential for fire ignition.

Remedy:

1. Remove combustible storage from hallways and stairs. Exits shall not be obstructed in any manner (CFC 315.3.4, 1003.6)
2. Remove combustible storage from mechanical room. Combustible materials shall not be stored in boiler, mechanical or electrical equipment rooms (CFC 315.3.3)
3. Storage and combustibles are to be maintained in a neat orderly manner, prohibiting fire spread (CFC 301)
4. Remove storage 2-feet or more below the ceiling (CFC 315.3.1)

Kitchen

The amount of food storage, cooking supplies, and the extensive use of propane and heating appliances suggest this kitchen is used for commercial operations, rather than accessory use, which would require the installation of a code compliant range hood system.

Remedy:

1. Obtain permits for the installation of proper commercial range hood systems. A Type 1 hood shall be installed above all commercial and domestic cooking appliances used for commercial purposes that produce grease vapors. (CFC 609)

Gas Cylinders

LPG/portable propane gas cylinders are being used as the primary fuel source for cooking. At the time of this inspection a make shift table with a series of propane burners were actively being used for cooking and supplied by propane cylinders located within an adjacent cubby. Additionally several propane containers were stored in the adjacent egress/hallway leading from the kitchen, which is prohibited by the fire code.

Remedy:

1. Stop use of propane cooking immediately. Fueled equipment including portable cooking equipment shall not be stored, operated or repaired within a building (CFC 313)
2. Portable use of propane gas containers shall not be used in buildings except as approved by the Fire Official (CFC 6103.2.1)
3. Remove propane cylinders from the exit immediately (CFC 6109.4)

II. Unit: 1269 Harrison St.
Business: Florist

Inspection Findings

Electrical

Electrical extension cords were being used throughout florist in lieu of permanent wire.

Remedy:

1. Remove extension cords in lieu of permanent wire (CFC 605.5)

Storage

Excessive storage was noted throughout structure, on the main floor, in the 1st floor and 2nd floor hallways and stairs, restricting emergency egress. Electrical panel was blocked due to excessive storage in front of and inside the electrical closet, preventing access and emergency shut off of the electrical circuit. Combustible Storage also was noted under the stairs. Storage on the 2nd floor/mezzanine exceeds the 2-foot minimum ceiling clearance.

Remedy:

1. Remove storage from electrical closet so as to provide clear access to electric panel (CFC 315.3.3)
2. Combustible materials shall not be stored in boiler, mechanical or electrical equipment rooms (CFC 315.2.3)
3. Provide 30 inch clearance in front of panel (CFC 605.3)
4. Remove excessive storage from underneath the stairs (CFC 315.3.4)

5. Remove combustible storage from hallways and stairs. Exits shall not be obstructed in any manner (CFC 315.3.4, 1003.6)
6. Storage and combustibles are to be maintained in a neat orderly manner, prohibiting fire spread (CFC 301)
7. Remove storage 2-feet or more below the ceiling (CFC 315.3.1)

Gas Cylinders
A Helium tank was located near the path of egress against the wall leading from the office area into the retail space. Tank was not secured.
Remedy:
1. Remove compressed gas cylinder from path of exit to a secure location, to prevent tampering and secure tank to prevent falling (CFC 5303.5)
2. Tanks shall be marked with proper name of the gas and shall be visible (CFC 5303.4)

Wall Penetrations
Electrical wire and conduit penetrations were noted throughout the electrical closet and the occupancy. This hazard allows the potential for smoke, heat and fire to spread to other areas of the building.
Remedy:
1. Seal penetrations with an approved fire sealant to limit heat, smoke and fire spread throughout the building.

Fire Extinguishers
Fire extinguishers and signage were blocked and hidden behind storage. Extinguishers must be visible and made readily available.
Remedy:
1. Mount extinguishers 3-5 feet high above floor (CFC 906.9)
2. Service and tag extinguishers annually (CFC 906.9)
3. Extinguishers shall be in conspicuous locations (CFC 906.5, CFC 906.3.1)

Portable Electric Space Heaters
A space heater was noted in the rear storage area.
Remedy:
1. Portable electric space heaters shall not be operated within 3-feet of any combustible materials and shall be operated only in locations for which they are listed. (CFC 605.10.4)
2. Portable electric space heaters shall be plugged directly into an approved receptacle (CFC 605.10.2)

III. Unit: 301 13th St.
Business: Smiling South USA Co.

Inspection Findings

Electrical

It was noted that there was excessive use of extension cords used in lieu of permanent wiring on 1st floor, office, interior stairs, and 2nd floor/mezzanine areas. The interior stairway and bathroom area have improperly installed and spliced electrical non-metallic sheathed/ Romex wire.

Remedy:

1. Remove Extension cords in lieu of permanent wire (CFC 605.5)
2. Provide 30 inch clearance in front of panel (CFC 605.3)
3. Remove and replace exposed non-metallic sheath/Romex wire with approved wiring and obtain approved permits from the building department (CFC 605.1)

Storage

Excessive storage was noted throughout the occupancy, blocking electrical panel, furnace, stairs, hallways and designated storage rooms, furnace and electrical panel. Storage throughout the occupancy was stacked from floor to ceiling, which exceeds the minimum fire code 2-foot ceiling clearance. Due to the excessive storage, it was difficult to walk through diminishing aisle spaces, which in some areas required squeezing through and were less than 2-feet in width. The fire code requires that the aisle width be a minimum of 3-feet.

Remedy:

1. Remove storage from electrical closet so as to provide clear access to electric panel (CFC 315.3.3)
2. Combustible materials shall not be stored in boiler, mechanical or electrical equipment rooms (CFC 315.2.3)
3. Provide 30 inch clearance in front of panel (CFC 605.3)
4. Remove excessive storage from underneath the stairs (CFC 315.3.4)
5. Remove combustible storage from hallways and stairs. Exits shall not be obstructed in any manner (CFC 315.3.4, 1003.6)
6. Storage and combustibles are to be maintained in a neat orderly manner, prohibiting fire spread (CFC 301)
7. Remove storage 2-feet or more below the ceiling (CFC 315.3.1)
8. Aisle width in a Group B and M occupancy shall not be less than 36 inches (CFC 1017.3)

Wall Penetrations

Penetrations were noted in walls and ceiling throughout. Wall and ceiling penetrations can allow smoke heat and fire spread throughout the building in fire conditions.

Remedy:

1. Seal penetrations with an approved fire sealant to limit heat, smoke and fire spread throughout the building (CFC 301.1)

Fire Extinguishers
Fire extinguishers and signage were blocked and hidden behind storage. Extinguishers must be visible and made readily available.
Remedy:

1. Mount extinguishers 3-5 feet high above floor (CFC 906.9)
2. Service and tag extinguishers annually (CFC 906.9)
3. Extinguishers shall be in conspicuous locations (CFC 906.5, CFC 906.3.1)

IV. Unit: 315 13th St.
Business: SMM Karaoke

Inspection Findings
Electrical
On the first floor, main recreation area, extension cords were in use as a permanent power source for various appliances; open junction boxes were noted on the ceiling in the first floor and interior stairs.
Remedy:

1. Remove extension cord in lieu of permanent wiring (CFC 605.5)
2. Close all open junction boxes and provide approved covers for switch and outlet boxes (CFC 605.6)
3. Remove and replace faulty wire with approved wiring and obtain approved permits from the building department (CFC 605.1, CFC 105.1.1)

Storage/Sleeping Room
There was an apparent sleeping room with storage more than the minimum approved 2-feet from ceiling.
Remedy:

1. Sleeping rooms and residential use is not permitted in B occupancies except as approved and shall be discontinued. Residential occupancies have strict life safety and habitability requirements and require zoning and use/occupancy change and approval from building, planning and fire department. (OFC 102.3)
2. Remove storage 2-feet or more below the ceiling (CFC 315.3.1)

Wall Penetrations
On the first floor main recreation area**,** electrical penetrations were noted throughout, penetrations were present in the walls, electrical panel closet, restroom, and beneath stairs. Wall and ceiling penetration can allow smoke heat and fire spread throughout the building in fire conditions.
Remedy:

1. Seal penetrations with an approved fire sealant to limit heat, smoke and fire spread throughout the building (CFC 301.1)

Fire Extinguishers
Extinguisher is missing in the kitchen area**;** 2nd floor/ mezzanine level extinguishers need to be serviced and tagged.
Remedy:

1. Mount extinguishers 3-5 feet high above floor (CFC 906.9)
2. Service and tag extinguishers annually (CFC 906.9)
3. Extinguishers shall be in conspicuous locations (CFC 906.5, CFC 906.3.1)

V. Unit: 317 13th St.
Business: Delicieuse Princesse Bakery

Inspection Findings:
Electrical
Multiple extension cords were noted throughout, first floor level in the retail space behind the sells counter, along the ceiling near the sink. There are exposed electrical boxes in the baking/storage area; extension cords are taped and draped along the ceiling, walls and through storage and racks to provide power to appliances. On the interior stairs extension cords were also noted along the wall with open electrical penetrations. Penetration hazards allow the potential for smoke, heat and fire spread to other areas of the building.
Remedy:

1. Remove extension cords in lieu of permanent wire (CFC 605.5)
2. Provide 30 inch clearance in front of panel (CFC 605.3)
3. Remove and replace faulty wire with approved wiring and obtain approved permits from the building department (CFC 605.1, CFC 105.1.1)
4. Provide approved covers for switch and electrical outlet boxes (CFC 605.6)
5. Seal penetrations with an approved fire sealant to limit heat, smoke and fire spread throughout the building.

Storage
In the bakery/storage area, electrical panel and hot water tank were blocked by large bags of baking supplies and storage; 2nd-floor office/ storage area, storage exceeds the minimum 2-foot ceiling clearance.
Remedy:

1. Remove storage blocking access to electrical panel and maintain access for repair, maintenance and emergency shut off to appliances and building unit (CFC 605.3)
2. Maintain safe clearance from heat producing appliances (305.1)
3. Remove storage 2-feet or more below the ceiling (CFC 315.3.1)
4. Storage and combustibles are to be maintained in a neat orderly manner, prohibiting fire spread (CFC 301)

Wall Penetrations
On the interior stairs there were open electrical penetrations. Penetration hazards allow the potential for smoke, heat and fire spread to other areas of the building.
Remedy:

1. Seal penetrations with an approved fire sealant to limit heat, smoke and fire spread throughout the building (CFC 301.1)

Commercial Gas Range
This commercial range was in use and equipped with possibly a Type I hood and duct exhaust system. However, there was no automatic extinguishing system within the hood. Where commercial cooking appliances require a Type I Hood system an automatic fire extinguishing system is required.
Remedy:

1. Obtain Plumbing Mechanical and Fire Code permit for the installation of an approved hood and duct extinguishing system where cooking operations such as frying or grilling produce combustible vapors. Service and clean existing hood and duct to eliminate fire hazard caused by grease build up. Obtain permits for the installation of proper commercial range hood systems. (CFC 609)

Fire Extinguishers
Fire extinguishers shall be placed in conspicuous locations and readily available and unobstructed with maximum travel distance of 75 feet.
Remedy:

1. Mount extinguishers 3-5 feet high above floor (CFC 906.9)
2. Service and tag extinguishers annually (CFC 906.9)
3. Extinguishers shall be in conspicuous locations (CFC 906.5, CFC 906.3.1)

VI. Unit: 319 13th St.
Business: Din Hao Hair Wearing

Inspection Findings
Electrical
It was noted that there was extensive use of power strips/ extension cords and power taps used in lieu of permanent wiring throughout the occupancy, on the1st floor near the left entrance, in the main floor retail space music component area, ceiling light fixtures, kitchen and office areas. Exposed non-metallic sheath/ Romex wire and open junction boxes were noted on the interior stairs, in the rear storage area and throughout the occupancy.
Remedy:

1. Relocatable power taps shall be of the polarized or grounded type, equipped with over-current protection, and shall be listed and directly connected to a permanently installed receptacle and shall not extend through walls, ceilings or floors. (CFC 605.4.1, 605.4.2, 605.4.3)
2. Remove extension cords in lieu of permanent wire (CFC 605.5)

3. Provide 30 inch clearance in front of panel (CFC 605.3)
4. Remove and replace exposed non-metallic sheath/Romex wire with approved wiring and obtain approved permits from the building department (CFC 605.1, CFC 105.1.1)
5. Provide approved covers for switch and electrical outlet boxes (CFC 605.6)

Storage
Excessive combustible storage was noted throughout the occupancy, 1st floor storage spaces; furnace and electrical panel areas, hallways, interior stairway, rear door impeding emergency exiting; 2nd floor hallway and storage/sleeping rooms.
Remedy:
1. Remove storage from electrical closet to provide clear access to electric panel (CFC 315.3.3)
2. Combustible materials shall not be stored in boiler, mechanical or electrical equipment rooms (CFC 315.2.3)
3. Storage and combustibles are to be maintained in a neat orderly manner, prohibiting fire spread (CFC 301)
4. Provide 30 inch clearance in front of panel (CFC 605.3)
5. Remove storage 2-feet or more below the ceiling (CFC 315.3.1)

Wall Penetrations
Penetrations were noted throughout the walls, ceiling, and along the interior stairway. 1st floor rear storage area, Wall and ceiling penetrations allow smoke heat and fire spread throughout the building in fire conditions.
Remedy:
1. Seal penetrations with an approved fire sealant to limit heat, smoke and fire spread throughout the building (CFC 301.1)

Sleeping Rooms
There were two storage/office rooms being used as residential sleeping rooms, on the second floor. The front room was being used for sleeping and storage purposes, which had a large size bed with bedding. Floor to ceiling storage was located on the sides and foot of the bed. The second room was difficult to access due to storage blocking the door.
Remedy:
1. Discontinue use of occupancy for sleeping/residential purposes. Sleeping rooms/residential use is not permitted in B occupancies except as approved. Residential occupancies have strict life safety and habitability requirements and require zoning and use/occupancy change and approval from building, planning and fire department. (OFC 102.3)

Exit Lighting
On the second floor exit sign lights were inoperable.
Remedy:

1. Repair or replace faulty Exit lighting. Exit signs shall be installed and maintained and illuminated at all times (CFC 1030.4, 1011.6.3)

Gas Cylinders
LPG/portable propane gas cylinders were stored in the first floor bathroom and kitchen areas.
Remedy:

1. Stop use of propane cooking immediately. Fueled equipment including portable cooking equipment shall not be stored, operated or repaired within a building (CFC 313.1)
2. Portable use of propane gas containers shall not be used in buildings except as approved by the Fire Official (CFC 6103.2.1)

Open Flame
On the first floor there is a religious, possibly Buddhist shrine that is used for open flame burning, there is a significant heat pattern on the ceiling directly above the shrine caused by the heat and smoke emitted from a candle or related heat source. This could potentially cause a fire to stored merchandise and/or nearby combustibles.
Remedy:

1. Discontinue use of the open flame burning. Obtain approval from the local fire authority (CFC 308.1.1)
2. Clearance from ignition sources shall be maintained in an approved manner (CFC 305.1)

Fire Extinguishers
Fire extinguishers and signage were blocked and hidden behind storage. Extinguishers must be visible and made readily available.
Remedy:

1. Mount extinguishers 3-5 feet high above floor (CFC 906.9)
2. Service and tag extinguishers annually (CFC 906.9)
3. Extinguishers shall be in conspicuous locations (CFC 906.5, CFC 906.3.1)

VII. Unit: 323 13th St.
Business: Joanna Beauty Salon

Inspection Findings
Unable to gain access, this unit was closed at the time of this inspection. See Addendum Page

VIII. Unit: 325 13th St.
Vacant

Inspection Findings:
Upon inspection, this unit was vacant and the following conditions were observed:

Vacant Premises
Vacant buildings are to be secured, safe guarded and fire protection equipment maintained and all combustible materials removed from the premises, Where Hazardous materials are involved, the owner must comply with the requirements set forth in Chapter 50, Section 5001.6 of the Fire Code. (CFC 311)

Wall Penetrations
Wall penetrations were noted along the East wall on the first floor caused by PVC pipe that was installed through adjoining rooms. On the second floor, phone/utility cabinet had through penetrations. There were openings/gaps above light switch and outlet boxes throughout the second floor area.
Remedy:
1. Seal penetrations with an approved fire sealant to limit heat, smoke and fire spread throughout the building (CFC 301.1)
2. Repair and seal openings around light switch and receptacle boxes (CFC 301.1)

IX. Unit: 329 13th St.
Vacant
Inspection Findings:
Upon inspection, this unit was vacant. The following conditions were observed:

Electrical
Electrical boxes on the main floor did not have covers and were not sealed.
Remedy:
1. Provide approved covers for switch and electrical outlet boxes (CFC 605.6)

Wall Penetrations
Electrical through penetrations were noted on the main floor
Remedy:
1. Seal electrical penetrations with an approved fire sealant to limit heat, smoke and fire spread throughout the building (CFC 301.1)

Walls & Ceiling
On the main floor hallway leading to the stairwell, there are open stud walls. On the second floor, large circular holes were noted throughout the walls and ceiling

Remedy:

1. Repair walls and ceiling as required per local authority (CFC 301.1)

Vacant Premises

Vacant buildings are to be secured, safe guarded and fire protection equipment maintained and all combustible materials removed from the premises, Where Hazardous materials are involved, the owner must comply with the requirements set forth in Chapter 50, Section 5001.6 of the Fire Code. (CFC 311)

X. Unit: 333 13th St.
Business: Yan Lan Health Center

Inspection Findings

Electrical

Located in the front room was the main distribution panel, which had exposed knockouts that had been taped to close knockout openings. This is not an approved method for sealing knockouts. At various locations on the first floor there were open electrical splices and excessive use of extension cords was also observed.

Remedy:

1. Discontinue use of extension cords as permanent wiring (CFC 605.5). Assess location and electric service needs and obtain proper permits for permanent wiring.
2. Close all junction boxes with approved covers and correct all open splice wiring (CFC 605.6)
3. Remove and replace exposed non-metallic sheath/Romex wire with approved wiring and obtain approved permits from the building department (CFC 605.1)

Storage

There was a full kitchen and laundry appliances at the rear of the unit with a gas water heater. Furnishings and storage obstructed the water heater and gas shut off.

Remedy:

1. Remove items from area around water heater and any other gas or electric appliance to allow access to gas shut off and maintain required clearance around heat producing appliance (CFC 315.2)

Exits

The first floor rear door had a security door installed with a keyed padlock preventing this door from normal or emergency exiting.

Remedy:

1. Remove padlock and restore single motion exiting through door (CFC 1008.1.9)

Exit Lighting- Second floor exit sign lights were inoperable.
Remedy:

1. Repair or replace faulty Exit lighting. Exit signs shall be installed and maintained and illuminated at all times (CFC 1030.4, 1011.6.3)

Sleeping Room
On the second/mezzanine floor, was a room that contained a full mattress set, dresser drawer and clothes hanger rod with clothing. Two additional adjoining rooms had mattress and bedding. All three rooms appeared to be set up for use as sleeping rooms. There was also a bathroom further supporting residential use of these rooms. There was also a typical office set up on this level.
Remedy:

1. Discontinue use of occupancy for sleeping/residential purposes. Sleeping rooms and residential use is not permitted in B occupancies except as approved. Residential occupancies have strict life safety and habitability requirements and require zoning and use/occupancy change and approval from building, planning and fire department. (OFC 102.3)

Fire Extinguishers
Fire extinguishers shall be placed in conspicuous locations and readily available and unobstructed with maximum travel distance of 75 feet
Remedy:

1. Mount extinguishers 3-5 feet high above floor (CFC 906.9)
2. Service and tag extinguishers annually (CFC 906.9)
3. Extinguishers shall be in conspicuous locations (CFC 906.5, CFC 906.3.1)

E. Conclusion

This is a ten unit unsprinklered Type III, or IV construction building operating as a B, M, and S Occupancy, with eight of the units occupied and open for business.

In general, many of the units have added electrical outlets that utilize both unprotected sheathed/Romex wires and metal clad wiring. Extensive use of extension cords and power strip type extension cords was also observed. It is doubtful that permits were obtained for many of the electrical alterations. Walls throughout many of the units have unrepaired penetrations that create potential for fire, heat and smoke spread from unit to unit and throughout the building.

Building tenants by and large have excessive storage and fire load and inadequate aisles, resulting in a significant life safety hazard. Many of the fire extinguishers are blocked, hidden or inaccessible due to the excessive storage and poor housekeeping. Emergency exiting is exacerbated by these conditions, creating diminishing exit paths, meandering aisles space, and restricted stairways making it difficult for the public or tenants to evacuate expeditiously in an emergency.

Further, there is evidence of sleeping rooms, commercial cooking-with inadequate suppression systems, and improper use and storage of propane tanks. Sleeping rooms and residential habitation are governed by strict fire, life safety and building code requirements. A change of use from a B, M, S occupancy to residential (R-1) requires permitting and with some exceptions, places this occupancy in a higher hazard classification, thus potentially triggering the requirements for sprinkler systems and other fire and life safety systems that would not ordinarily be required in an existing B, M, or S occupancy. Never the less, the presence of sleeping rooms and residential use without the minimum fire suppression, notification and life safety systems in this building, increases the potential for accidental fire loss and jeopardizes the life safety of the occupants and responding emergency personnel. Given the multitude of code violations and the identified fire and life safety hazards, it is recommended that code compliance be achieved with the guidance of the local fire and building officials.

F. References

1. 2013 California Fire Code- California Code of Regulations, Title 24, Part 9; Based on the 2012 International Code; California Building Standards Commission

2. Chapter 15.12 - OAKLAND FIRE CODE, Sections: 15.12.010 - 2013 California Fire Code is Adopted and Amended.

3. Propane 101; “Promoting Propane Safety Through Better Understanding”, Consumer Propane Cylinders, 2007-2011. http://www.propane101.com/consumerpropanecylinders.htm

4. California Department of Forestry and Fire Protection Office of the State Fire Marshal- UL 300. “Frequently Asked Questions Concerning Commercial Cooking Protection”; Published by the Fire Engineering Division, Revised 07/2/09; http://osfm.fire.ca.gov/strucfireengineer/pdf/aes/ul300faqs.pdf

Appendix A
Code Reference Summary

CFC- California Fire Code	OFC- Oakland Fire Code

Hazard Classification	Code Section
General The provisions of this code shall govern the occupancy and maintenance of all structures and premises for precautions against fire and spread of fire and general requirements of fire safety	(CFC 301.1)
Electrical	
1. Relocatable power taps shall be of the polarized or grounded type, equipped with over-current protection, and shall be listed and directly connected to a permanently installed receptacle and shall not extend through walls, ceilings or floors	(CFC 605.4.1, 605.4.2, 605.4.3)
2. Provide 30 inch clearance in front of panel	(CFC 605.3)
3. Remove extension cords in lieu of permanent wire	(CFC 605.5)
4. Identified electrical hazards shall be abated. Identified hazardous electrical conditions in permanent wiring shall be brought to the attention of the responsible code official.	(CFC 605.1)
5. Open junction boxes and open-wiring splices shall be prohibited. Approved covers shall be provided for all switch and electrical outlet boxes.	(CFC 605.6)
Exits	
1. Remove padlock and restore single motion exiting through door.	(CFC 1008.1.9)
2. Repair or replace faulty Exit lighting. Exit signs shall be installed and maintained and illuminated at all times.	(CFC 1030.4, 1011.6.3)

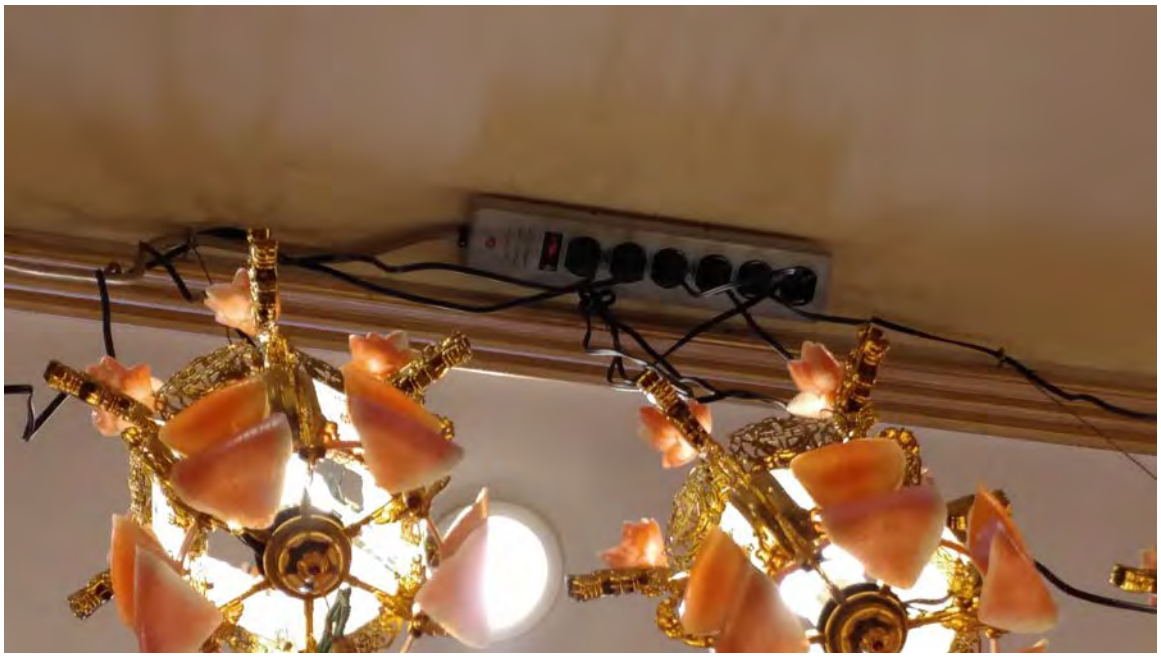
Fire Extinguishers	
1. Mount extinguishers 3-5 feet high above floor	(CFC 906.9)
2. Service and tag extinguishers annually	(CFC 906.9)
3. Extinguishers shall be located in conspicuous locations	(CFC 906.5)
4. Located no further than 75 feet travel distance	(CFC 906.3.1)
Gas Cylinders	
1. Fueled equipment including portable cooking equipment shall not be stored, operated or repaired within a building	(CFC 313)
3. Tanks shall be marked with proper name of the gas and shall be visible	(CFC 5303.4)
4. Remove compressed gas cylinder to a secure location, to prevent tampering and secure tank to prevent falling	(CFC 5303.5)
5. Portable use of propane gas containers shall not be used in buildings except as approved by the Fire Official	(CFC 6103.2.1)
4. Remove propane cylinders from the exit immediately	(CFC 6109.4)
Portable Electric Space Heaters	
1. Portable electric space heaters shall not be operated within 3-feet of any combustible materials and shall be operated only in locations for which they are listed.	(CFC 605.10.4)
2. Portable electric space heaters shall be plugged directly into an approved receptacle	(CFC 605.10.2)
Open Flame Burning	
1. Discontinue use of the open flame burning.	(CFC 308.1.1)
2. Clearance from ignition sources shall be maintained in an approved manner	(CFC 305.1)
Commercial Range, Hood, Duct, Fan	
1. A Type 1 hood shall be installed above all commercial and	(CFC 609)

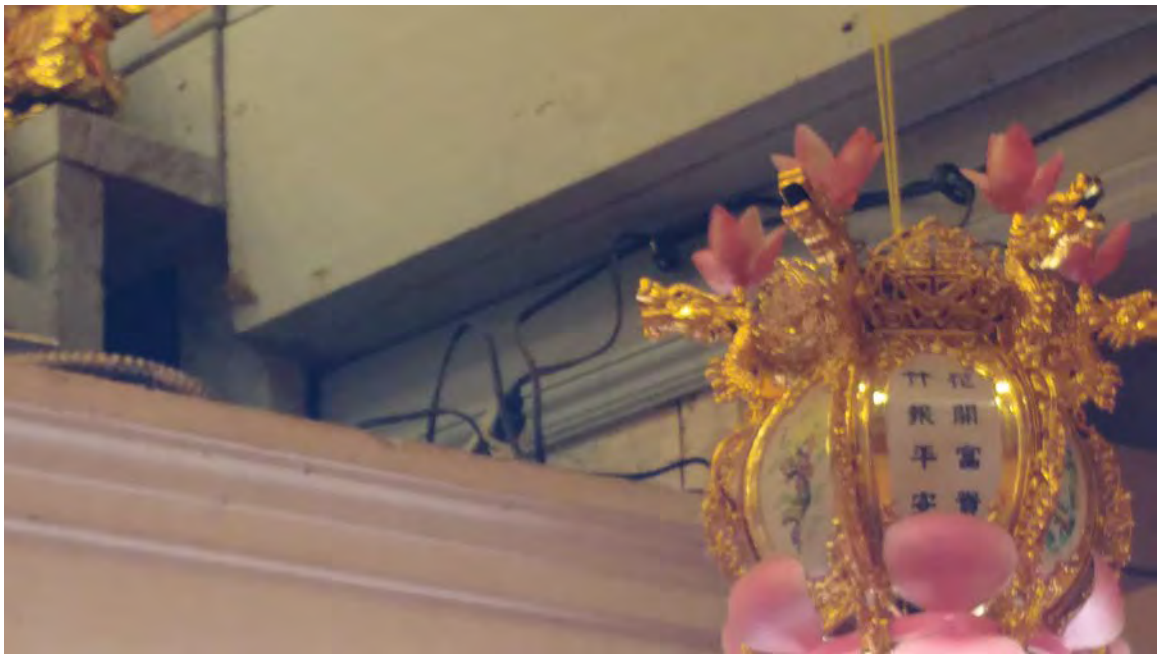
domestic cooking appliances used for commercial purposes that produce grease vapors	
2. Shall be protected by automatic fire extinguishing systems	(CFC 609)
3. Service and clean existing hood and duct to eliminate fire hazard caused by grease build up.	(CFC 609)
Sleeping Rooms	
1. Sleeping rooms and residential use is not permitted in B occupancies except as approved and shall be discontinued. Residential occupancies have strict life safety and habitability requirements and require zoning and use/occupancy change and approval from building, planning and fire department.	(OFC 102.3)
Storage	
1. Remove combustible storage from hallways and stairs.	(CFC 315.3.4)
2. Exits shall not be obstructed in any manner	(CFC 1003.6)
3. Remove combustible material storage from mechanical room. Combustible materials shall not be stored in boiler, mechanical or electrical equipment rooms	(CFC 315.3.3)
4. Remove storage so that it is 2-feet or more below the ceiling	(CFC 315.3.1)
5. Storage and combustibles are to be maintained in a neat orderly manner, prohibiting fire spread.	(CFC 301)
Vacant Premises	
1. Vacant buildings are to be secured, safe guarded and fire protection equipment maintained and all combustible materials removed from the premises, Where Hazardous materials are involved, the owner must comply with the requirements set forth in Chapter 50, Section 5001.6 of the Fire Code.	(CFC 311)

***This code reference summary table is paraphrased and modified for ease of reading and interpretation of the referenced state and local fire code sections. It is designed solely for the purposes of this assignment and not intended as a guide or reference tool outside the scope of this project. It is recommended that the client reviews and verifies the referenced code sections.**

Appendix B
Summary of Photos

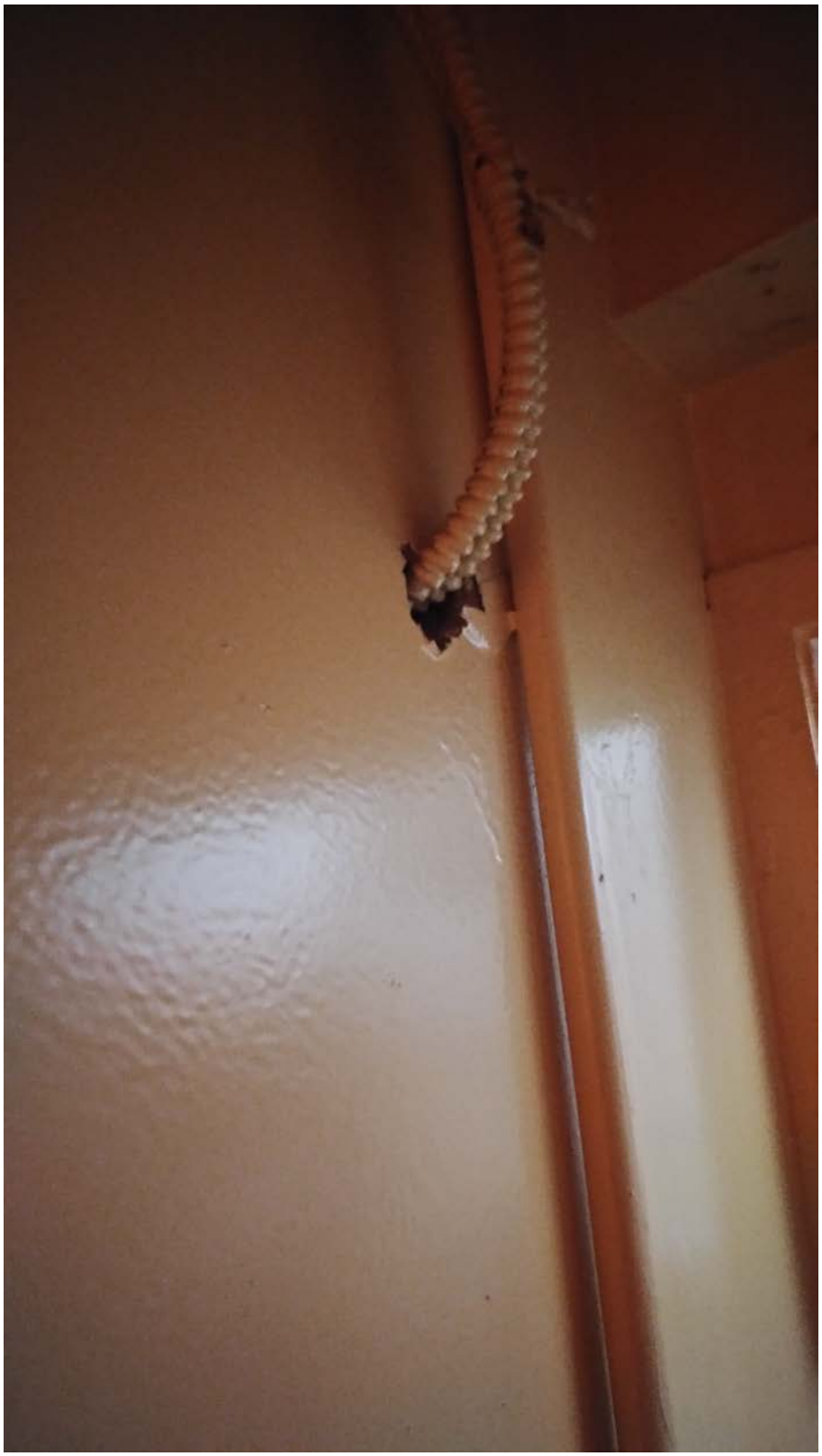
1261 Harrison





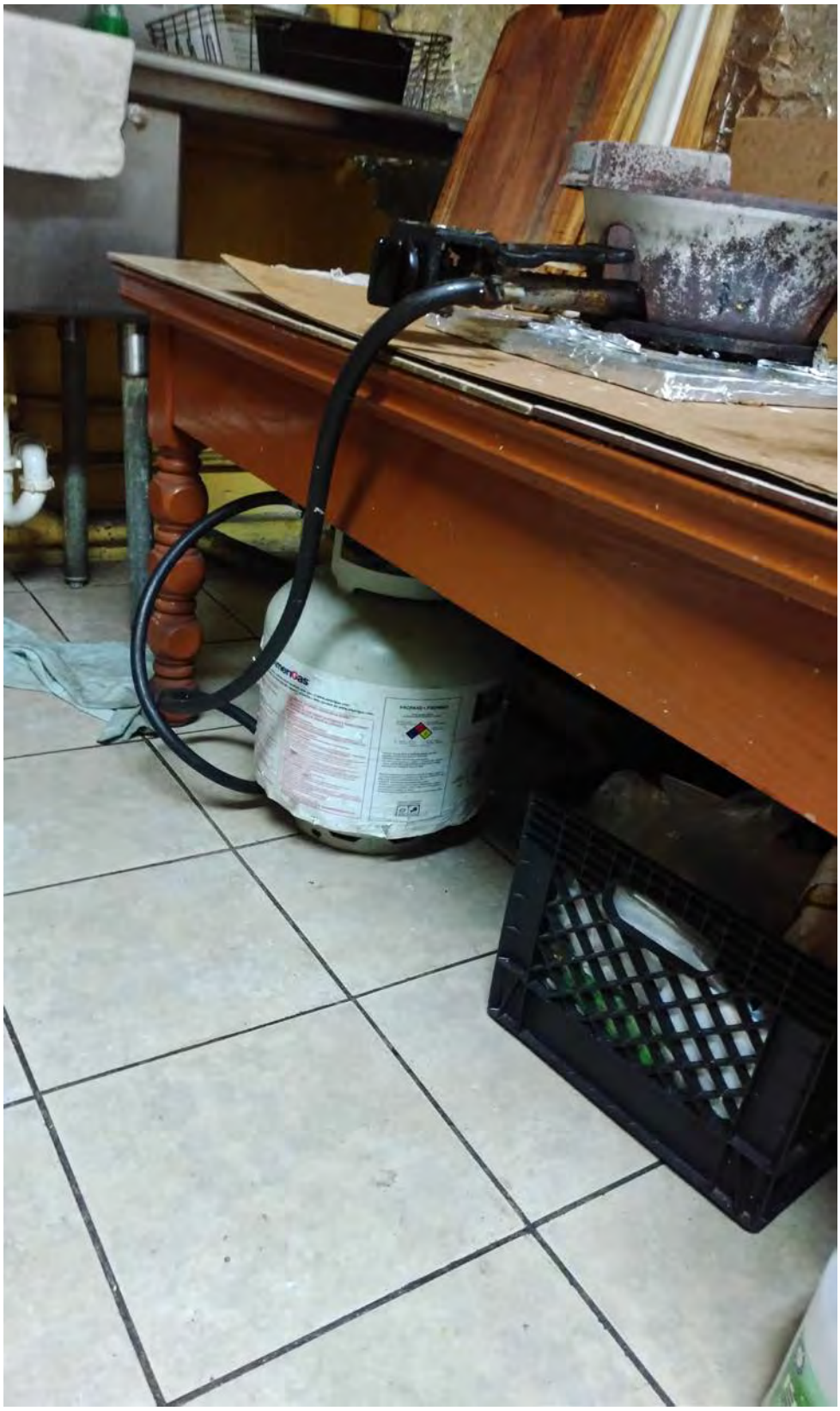
1261 Harrison

1261 Harrison



1261 Harrison

1261 Harrison



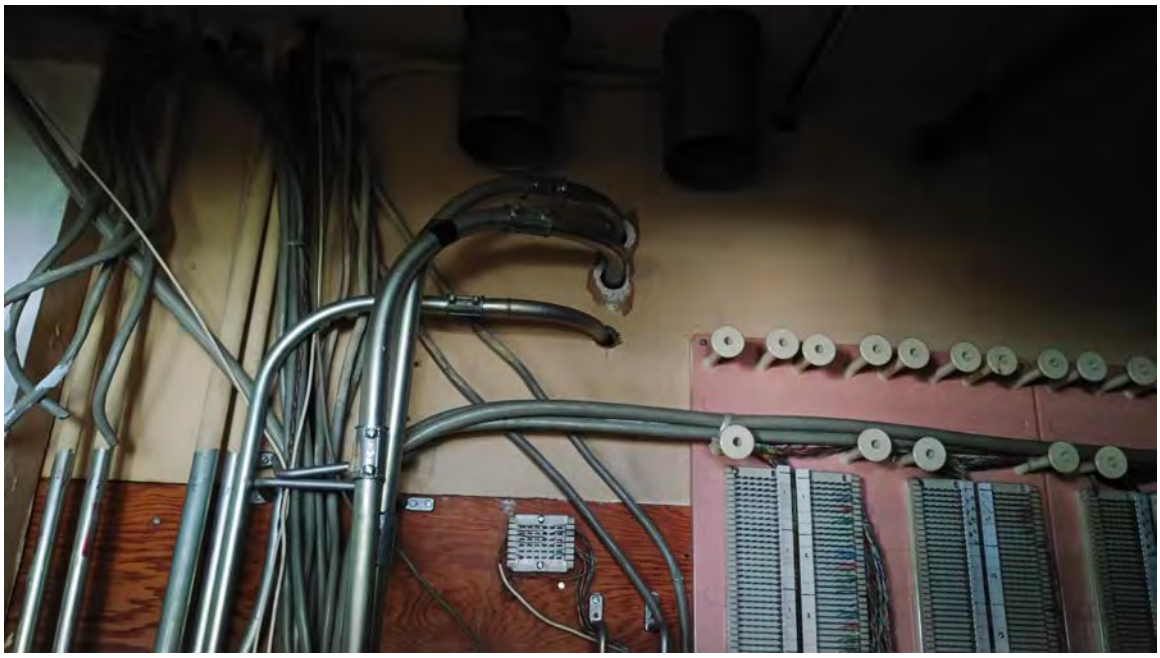
1261 Harrison

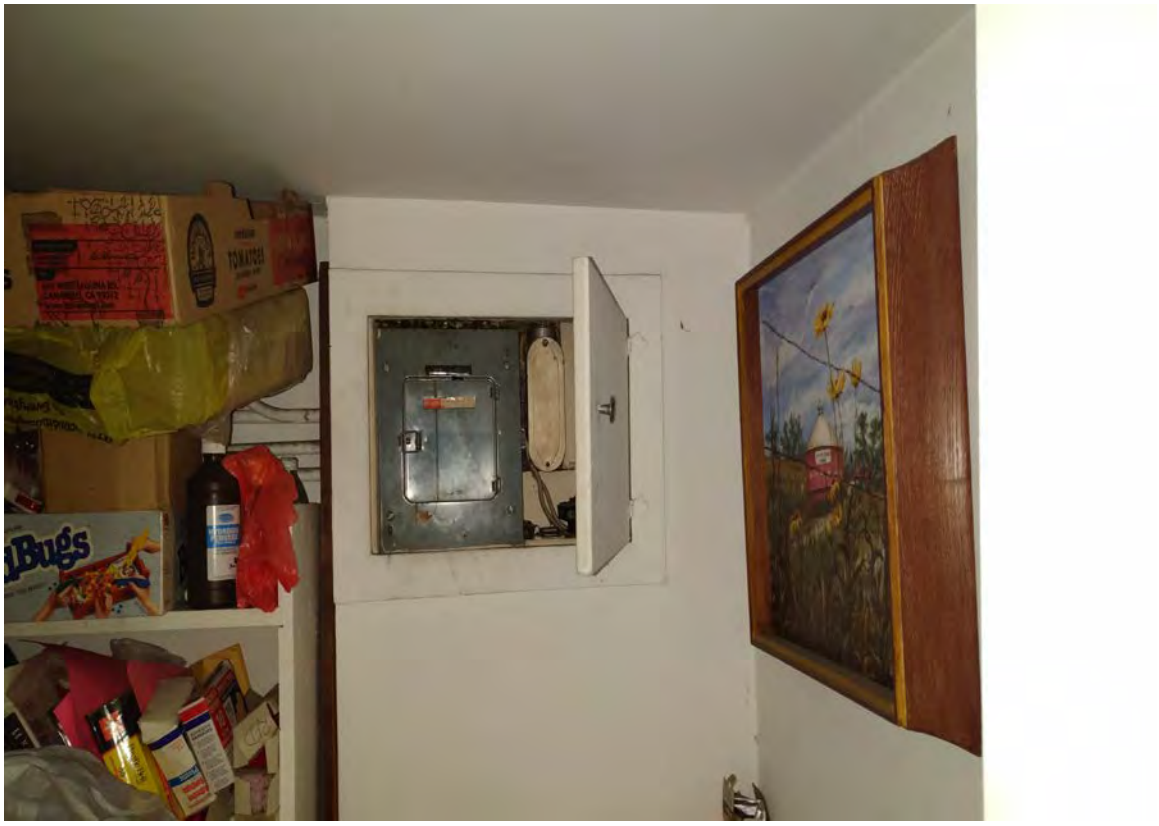
1261 Harrison

1269 Harrison St.

1269 Harrison

1269 Harrison





1269 Harrison

301 13th Street

301 13th

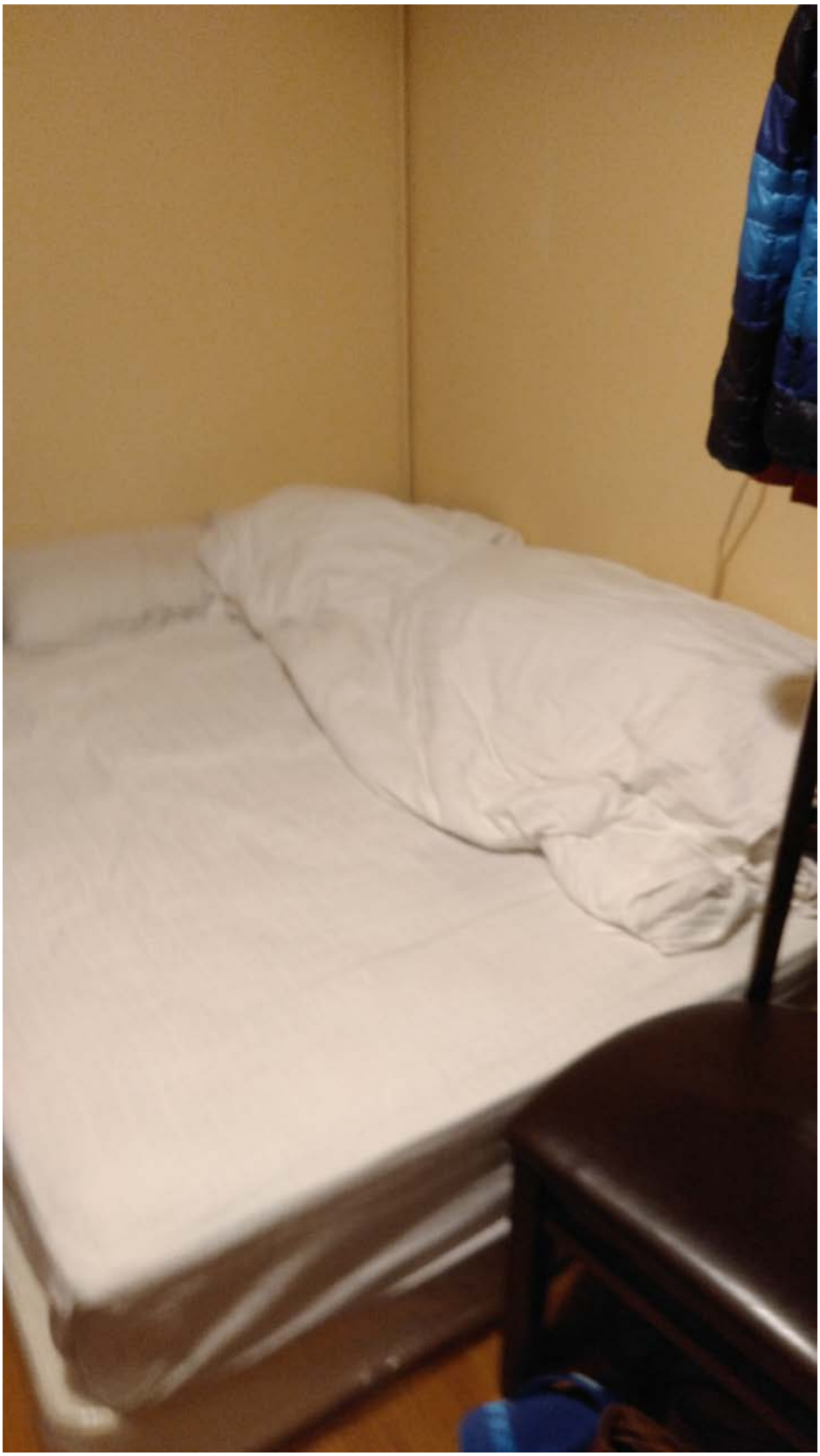
301 13th

301 13th

315 13th St.

315 13th

315 13th

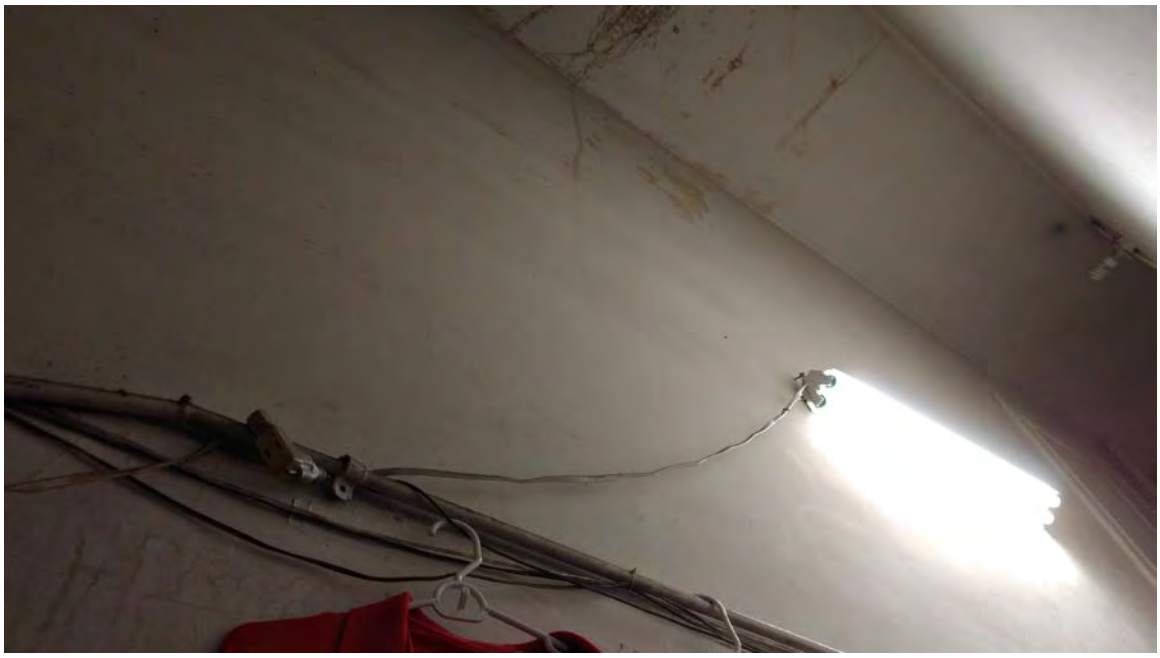


315 13th

315 13th

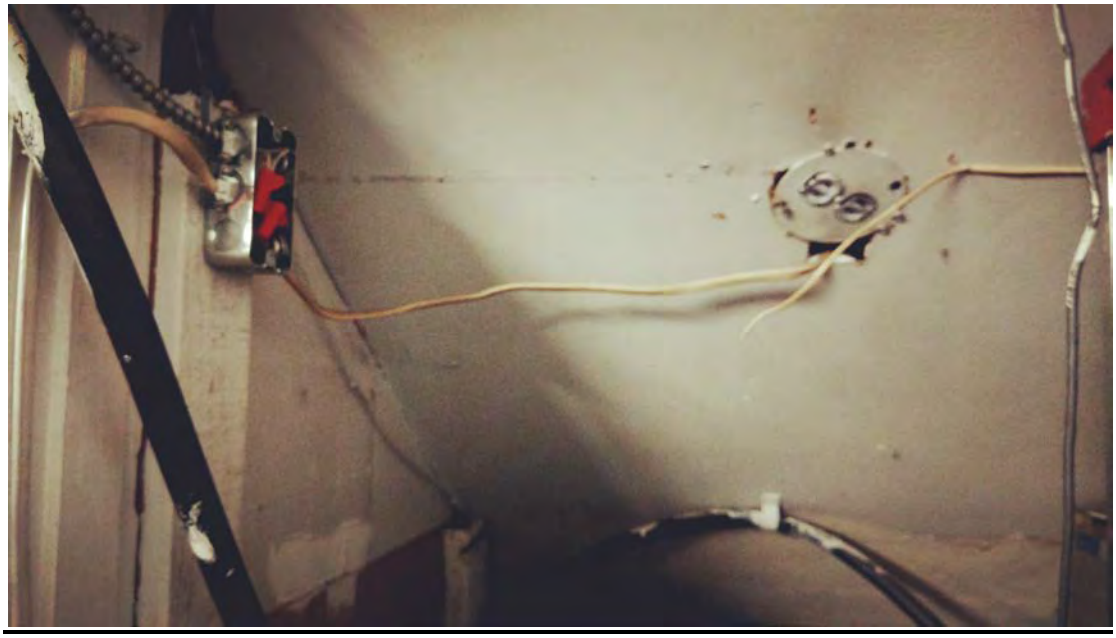
317 13th St.

317 13th



317 13th

319 13th St

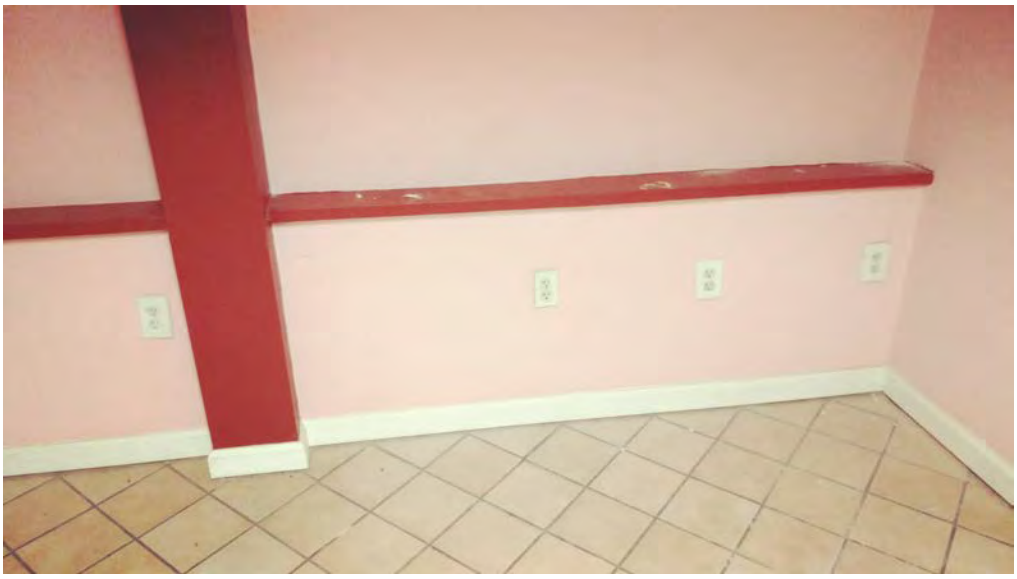


319 13th

319 13th

319 13th

325 13th St



325 13th

329 13th St.

329 13th

329 13th

329 13th St

Addendum Report

Unit: 323 13th St.
Business: Joanna Beauty Salon

Inspection Findings

Electrical

Located in an electrical cabinet in the front salon area, was the main distribution and breaker panel with meter. There were exposed knockouts and sheath/Romex wiring. At various locations on the first and second floor rooms, there was exposed non-metallic sheath/Romex wire and open junction boxes observed.

Remedy:

1. Close all junction boxes with approved covers and correct all open splice wiring (CFC 605.6)
2. Remove and replace exposed non-metallic sheath/Romex wire with approved wiring and obtain approved permits from the building department (CFC 605.1)

Storage

Excessive Storage was noted on the first floor salon area underneath the stairs; left rear storage room; stairway entry and stairs, consisting of light weight combustible i.e. paper, card board, clothes, etc. creating a fire hazard and restricting emergency egress.

Remedy:

1. Remove excessive storage from underneath the stairs (CFC 315.3.4)
2. Remove combustible storage from hallways and stairs. Exits shall not be obstructed in any manner (CFC 315.3.4, 1003.6)
3. Storage and combustibles are to be maintained in a neat orderly manner, prohibiting fire spread (CFC 301)

Wall Penetrations/ Open Construction

Electrical wire and conduit penetrations were noted in the electrical closet and throughout the first floor and mezzanine areas of the occupancy, including larger size holes and openings; unfinished/ open construction was also observed in the stairway closet in the main floor salon area; plumbing penetrations were noted in the kitchen and in the rear of the unit, on the back wall below the ceiling. These penetration hazards opening/holes allows the potential for smoke, heat and fire to spread to other areas of the building.

Remedy:

1. Seal penetrations with an approved fire sealant and repair holes and openings in walls to limit heat, smoke and fire spread throughout the building (CFC 301.1)

Fire Extinguishers
Fire extinguishers on the first and second floor were dated and need to be serviced and tagged.

Remedy:
1. Mount extinguishers 3-5 feet high above floor (CFC 906.9)
2. Service and tag extinguishers annually (CFC 906.9)
3. Extinguishers shall be in conspicuous locations (CFC 906.5, CFC 906.3.1)

Sleeping Rooms
There were two storage rooms on the second floor, the room facing the stairs appeared to be used as a residential sleeping room.
Remedy:
1. Discontinue use of occupancy for sleeping/residential purposes. Sleeping rooms/residential use is not permitted in B occupancies except as approved. Residential occupancies have strict life safety and habitability requirements and require zoning and use/occupancy change and approval from building, planning and fire department. (OFC 102.3)

Exit Lighting
On the second floor exit sign lights were operable, but the emergency battery back up was inoperable
Remedy:
1. Repair or replace faulty Exit lighting. Exit signs shall be installed and maintained and illuminated at all times (CFC 1030.4, 1011.6.3)

Portable Electric Space Heaters
A space heater was noted in the first floor left rear “cosmetic waxing” room.
Remedy:
1. Portable electric space heaters shall not be operated within 3-feet of any combustible materials and shall be operated only in locations for which they are listed (CFC 605.10.4)
2. Portable electric space heaters shall be plugged directly into an approved receptacle (CFC 605.10.2)

Unit: 333 13th St.
Business: Yan Lan Health Center
Vacant

Inspection Findings:
On April 13, 2017 we met with the property representative to take photos of the interior of this unit. It was reported to our inspection team that the tenant had vacated the unit. Upon inspection, we found the unit had been cleared of all furnishings; the sleeping room, storage and fire extinguisher hazards were abated as a result of the vacation. The previous electrical and wall penetration hazards and faulty exit signs noted in our first inspection remain. Additional electrical hazards were created due to the removal of the light fixtures, in the main lobby and hallway, resulting in open junction boxes and exposed wires.

Electrical
Electrical junction boxes on the main floor did not have covers and were not enclosed.
Remedy:

1. Provide approved covers for switch and electrical junction boxes (CFC 605.6)

Vacant Premises
Vacant buildings are to be secured, safe guarded and fire protection equipment maintained and all combustible materials removed from the premises, Where Hazardous materials are involved, the owner must comply with the requirements set forth in Chapter 50, Section 5001.6 of the Fire Code. (CFC 311)

Addendum Photos

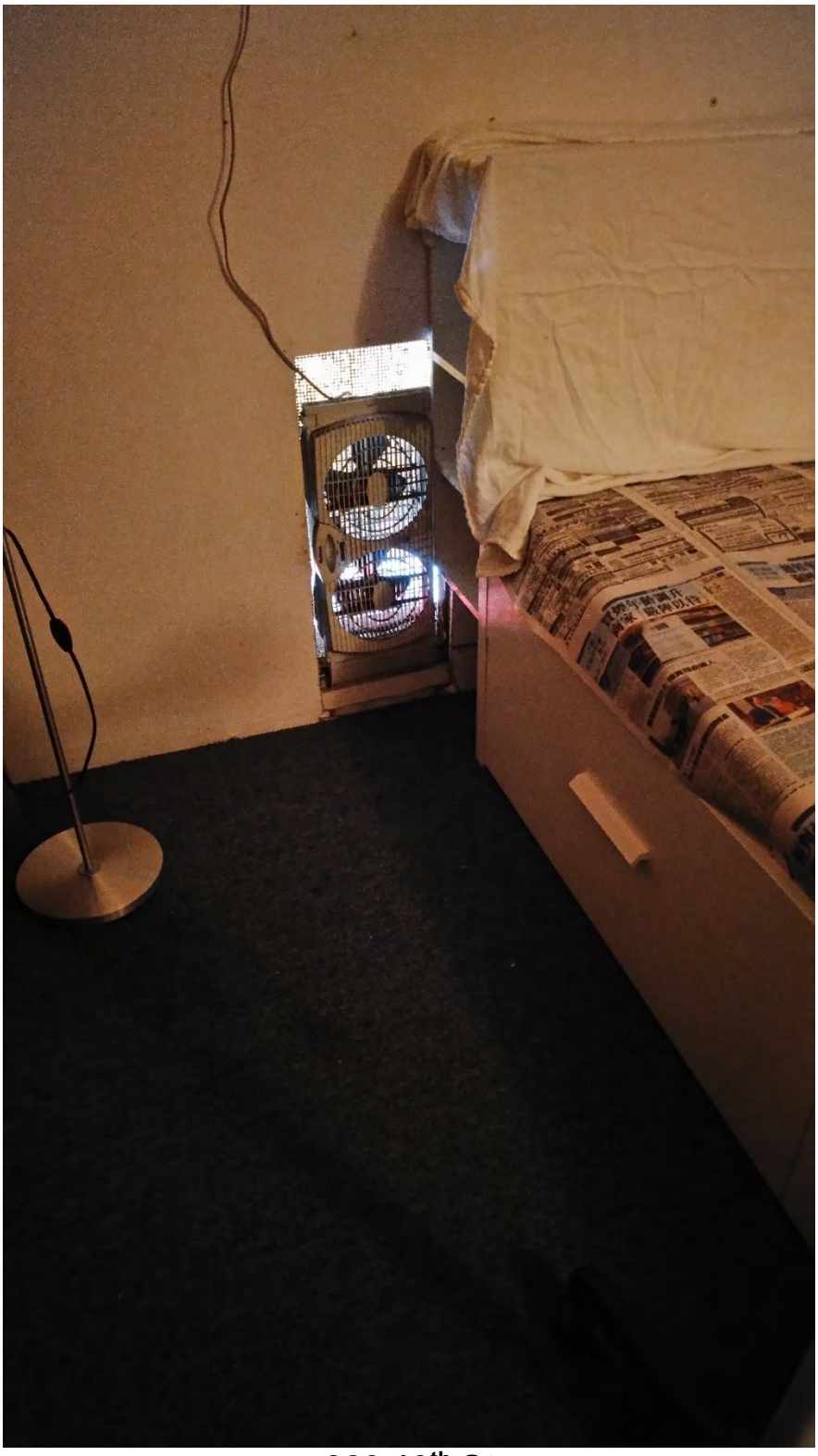
323 13th Street

323 13th St

323 13th St

323 13th St

323 13th St



323 13th St

323 13th St

333 13th Street

333 13th St

333 13th St

Simpson Gumpertz & Heger, Inc.

Structural Assessment of 1261 Harrison Street

Appendix E

Structural Assessment of 1261 Harrison Street

Oakland, CA
10 July 2017

SGH Project 167293.00

SIMPSON GUMPERTZ & HEGER
Engineering of Structures and Building Enclosures

PREPARED FOR:

Pinnacle Red Group, Inc.
12 S. First Street, Suite 108
San Jose, CA 95113

PREPARED BY:

Simpson Gumpertz & Heger Inc.
100 Pine Street, Suite 1600
San Francisco, CA 94111
Tel: 415.495.3700
Fax: 415.495.3550

SIMPSON GUMPERTZ & HEGER

Engineering of Structures and Building Enclosures

10 July 2017

Mr. Fred Daven
Pinnacle Red Group, inc.
12 S. First Street, Suite 108
San Jose, CA 95113

Project 167293 – Perform Conceptual Seismic Upgrade Study for Building at 1261 Harrison Street, Oakland, CA

Re: Transmittal of Report

Dear Mr. Daven:

We are pleased to transmit the attached report of our findings and conclusions. Please feel free to contact us should you have any questions or comments.

Sincerely yours,

REGISTERED PROFESSIONAL ENGINEER
RONALD O. HAMBURGER
No. 2951
STRUCTURAL
STATE OF CALIFORNIA

07/10/2017

Ronald O. Hamburger, S.E.
Senior Principal
CA License No. 2951

Paul P. Cordova, Ph.D., S.E. (CA)
Senior Project Manager

I:\SF\Projects\2016\167293.00-HAWE\WP\001PPCordova-T-167293.00.jdi_Transmittal Ltr.docx

Encls.

T A B L E O F C O N T E N T S

Letter of Transmittal

PHOTOS

APPENDICES

SUMMARY OF A STRUCTURAL ASSESSMENT
1261 HARRISON STREET
OAKLAND, CALIFORNIA

1. INTRODUCTION

1.1 Background

The building at 1261 Harrison Street, Oakland, California is a single-story unreinforced masonry bearing wall building with wood floors and roof. It is presently divided into a series of individual commercial occupancies. Figure 1 is a photo of this building.

Figure 1: 1261 Harrison Street as viewed from the corner of Harrison and 13th Street

As a class, unreinforced masonry buildings of this type are known to be hazardous in earthquakes and many such structures have collapsed in earthquakes worldwide, as well as in past California earthquakes. These buildings can fail, endangering life safety, in a number of different ways. The most common form of failure occurs when the portion of the perimeter walls that project above the roof, termed parapets, break off at the roof line and fall to the street below, endangering pedestrians, and people running out of the buildings, frightened by the shaking. Figure 2 is a picture of a parapet failure on a building in Panorama City, California, taken following the 1994 Northridge earthquake. Also common is failure of entire walls such as shown in Figure 3. This failure type occurs when the walls are not adequately tied to the floors and roofs they support. In strong ground shaking, the walls can pull away from the floors and roofs, and topple into the street, creating a pedestrian hazard; and then allowing the supported floors and roofs to collapse as well. Sometimes, when walls are adequately anchored to the floors and roof, the unreinforced

brick masonry wall panels “blow-out” from the building because they have inadequate strength. Figure 4 shows such a failure in a building in Culver City, California. If the walls have adequate strength to resist out-of-plane forces, and are adequately anchored to the structures, they may fail in shear due to in-plane forces, which can in turn result in collapse of the wall. Figure 5 shows such failures in a building in Santa Cruz, California, following the 1989 Loma Prieta earthquake. In other cases, the floors and roofs that tie the building together have inadequate strength and stiffness, allowing total collapse to occur. Figure 6 shows such a failure that occurred in the 1933 Long Beach, CA earthquake.

Figure 2: Parapet collapse, Panorama City, California, 1994 Northridge earthquake

Figure 3: Collapse of single story commercial building, 1994 Northridge earthquake

Figure 4: Blow-out failure of wall in building in Culver City, CA, 1994 Northridge earthquake

Figure 5: In-plane shear failure of masonry building in Santa Cruz, California, 1989 Loma Prieta earthquake

Figure 6: Massive collapse of building in Long Beach, CA 1933

Figure 7: Street scene in Long Beach California following 1933 earthquake

Following the 1933 Long Beach earthquake, and the failure of many unreinforced masonry schools, apartments and commercial buildings (Figure 7), California enacted legislation prohibiting further construction of unreinforced masonry bearing wall buildings. However, thousands of these structures that predate the ordinance remain, posing a real threat to Californians.

In the mid-1980s the City of Los Angeles adopted an ordinance, amending the Los Angeles Building Code to require retrofit of such structures. Important components of retrofit programs mandated by the ordinance include:

- Provide bracing of cantilever parapets to the roof structures.
- Provide adequate anchors between the perimeter masonry walls, and floors and roofs.
- Assure that walls are of adequate thickness, or are reinforced to adequately span between the floors and roofs.
- Assure that mortar has sufficient strength to bond the bricks together.
- Assure that walls have adequate in-plane strength to withstand the in-plane forces created by earthquakes.
- Assure that floors and roofs have adequate strength to act as diaphragms and tie the buildings together.

These measures, as mandated by the City of Los Angeles were intended to reduce the seismic hazard associated with unreinforced masonry buildings in a cost-effective manner. Buildings upgraded using the procedures developed for the City ordinance do not provide the same level of safety in these structures, as is anticipated for new buildings designed to current building code requirements. In fact, some buildings that were retrofitted to the City of Los Angeles requirements, were extensively damaged by the Northridge earthquake. Figures 8 and 9 show several of these buildings. As a result, the City of Los Angeles requirements are regarded as a Life Safety enhancement measure. Buildings retrofitted to these criteria, could still be damaged in a manner that would result in injuries and fatalities and could certainly be damaged to a point requiring demolition after future earthquakes. This is particularly true for unreinforced masonry buildings in the City of Oakland, where proximity to the Hayward fault can create particularly destructive ground shaking. While more extensive retrofit measures are possible, and would provide better performance of the structures, these are often economically impractical to implement, except in the case of irreplaceable historic resources, such as the Oakland City Hall. Therefore, the City of Los Angeles procedures have been adopted into national standards, with some amendment and improvement and today are regarded as the most typical and practical method of retrofitting such buildings.

Figure 8: Failure of retrofitted building, 1994 Northridge earthquake

Figure 9: Damaged apartment building in Hollywood, CA, 1994 Northridge earthquake

Following the adoption of the City of Los Angeles requirements, the State of California passed legislation, AB547, requiring each City and County in the state to develop an inventory of unreinforced masonry buildings in their jurisdictions, take action to encourage mitigation of the substantial public hazard posed by these buildings and make periodic reports to the State on their progress. Following the 1989 Loma Prieta earthquake, which heavily shook, the San Francisco Bay Area, and resulted in a number of collapses of unreinforced masonry buildings in San Francisco, Oakland and other Bay Area cities, both San Francisco and Oakland adopted mandatory retrofit ordinances. The ordinance adopted by the City of Oakland only implemented the requirement to brace parapets, and anchor walls to floors and roofs, thereby addressing only some of the many vulnerabilities these buildings possess. A partial seismic upgrade of the building, under the requirements of the City of Oakland ordinance was conducted in the 1990s.

Pinnacle Red Group, the present building owner engaged SGH to assess the building's seismic adequacy; develop a retrofit concept to improve the building's safety and prepare an estimate of the likely construction costs associated with this effort.

1.2 Objective

The purpose of our evaluation is to provide information on the likely scope and cost of a program of structural upgrade to bring the building into reasonable Life Safety conformance. Specifically, we evaluated the building, and designed a conceptual seismic upgrade to bring the structure it into conformance with the Limited Performance Objective for Existing Buildings as defined in ASCE 41-13 Seismic Evaluation and Retrofit of Existing Buildings, the national seismic retrofit standard. Originally, our scope encompassed the buildings at 1261 Harrison and the adjacent structure at 1218 Webster. However, prior to completing our work we were asked to exclude consideration of the Webster Street building.

1.3 Scope of Work

Our scope of work includes:

- Review available building drawings to identify the existing dimensions and construction.
- Conduct site visits to supplement the available drawings with information required for our analysis and design.
- Retain a materials testing firm to perform a series of in-situ masonry shear tests on the masonry walls to evaluate the building's existing strength.
- Conduct an ASCE 41-13 Tier 2 seismic evaluation of the building to determine its existing adequacy to meet the Limited Performance Objective for Existing Buildings. This level of safety is generally deemed as the minimum appropriate for existing buildings, including historic structures.
- Develop conceptual level drawings indicating the structural scope of seismic upgrade for the two structures.
- Retain a construction cost estimator to develop a cost estimate for the proposed seismic upgrade.
- Prepare this report documenting the results of our study and presenting the drawings as an appendix.

1.4 Project Description

The single story commercial building, located at the corner of 13th Street and Harrison Street, in Oakland, California comprises unreinforced brick masonry bearing walls around the perimeter and supporting wood-framed mezzanine floors and roof. The building is rectangular in plan with overall dimensions of 176 by 84 ft. Figure 10 depicts an overhead view of the Harrison Building

and the adjacent buildings and streets. This site is adjacent to a two story building with a basement along the west face and an open alley along its south face.

Figure 10: Harrison Building and surrounding area.
(© 2014 Pictometry Reproduced with Permission)

Figure 11 presents the building's lower level plan. Most of the lower level is split into 17 ft-6 in. wide commerical spaces that extend north-south across the building. At the building's east side, along Harrision Street, a single larger commercial space is present. Most of the individual commercial spaces have mezzanine levels, shown in Figure 12.

The typical interior partition walls are wood framing finished with plaster on wood lath. Wood posts and beams are integrated into the walls and support the ceiling and roof framing. The exterior walls are a multi-wythe brick masonry with large glass windows along the north and east faces. The exterior south wall has a series of windows and doors that divide the brick wall into 4 ft wide piers. The roof is monoslope and is framed with straight sheathing supported on wood

joists at 2 ft on center. The ceiling is framed with wood joists spaced at 4 ft on center finished with wood lath and plaster.

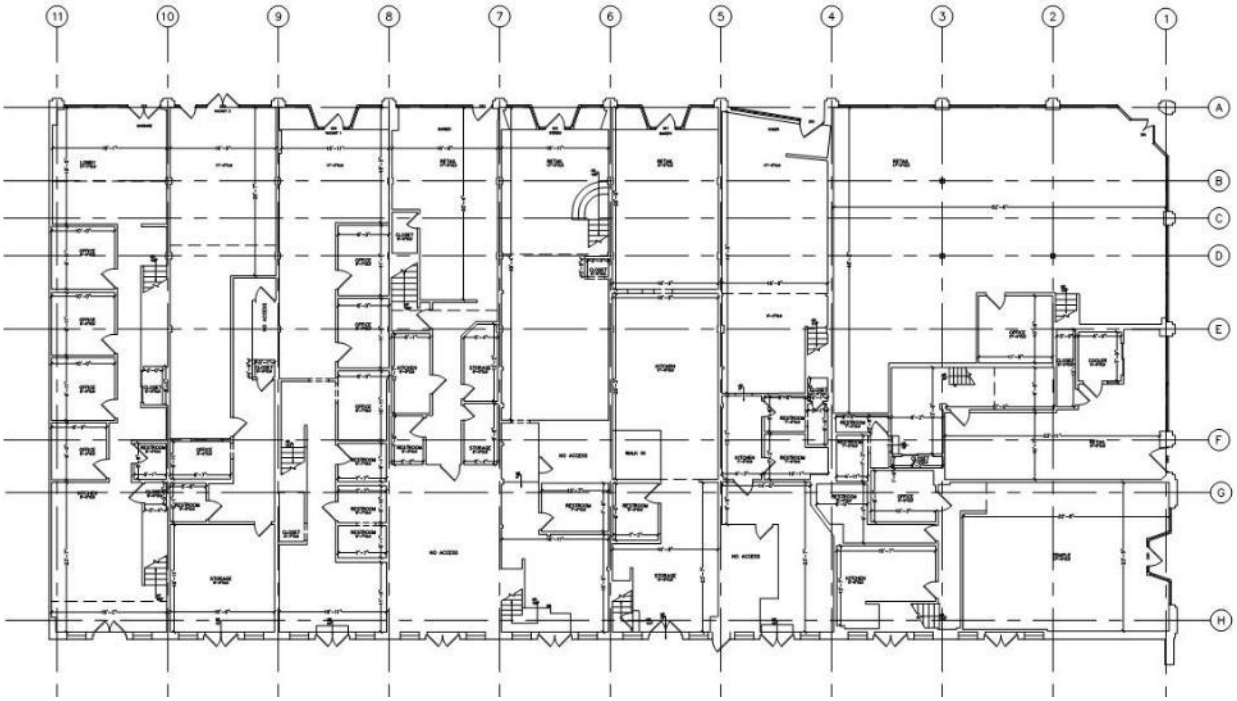


Figure 11: Harrison building lower level

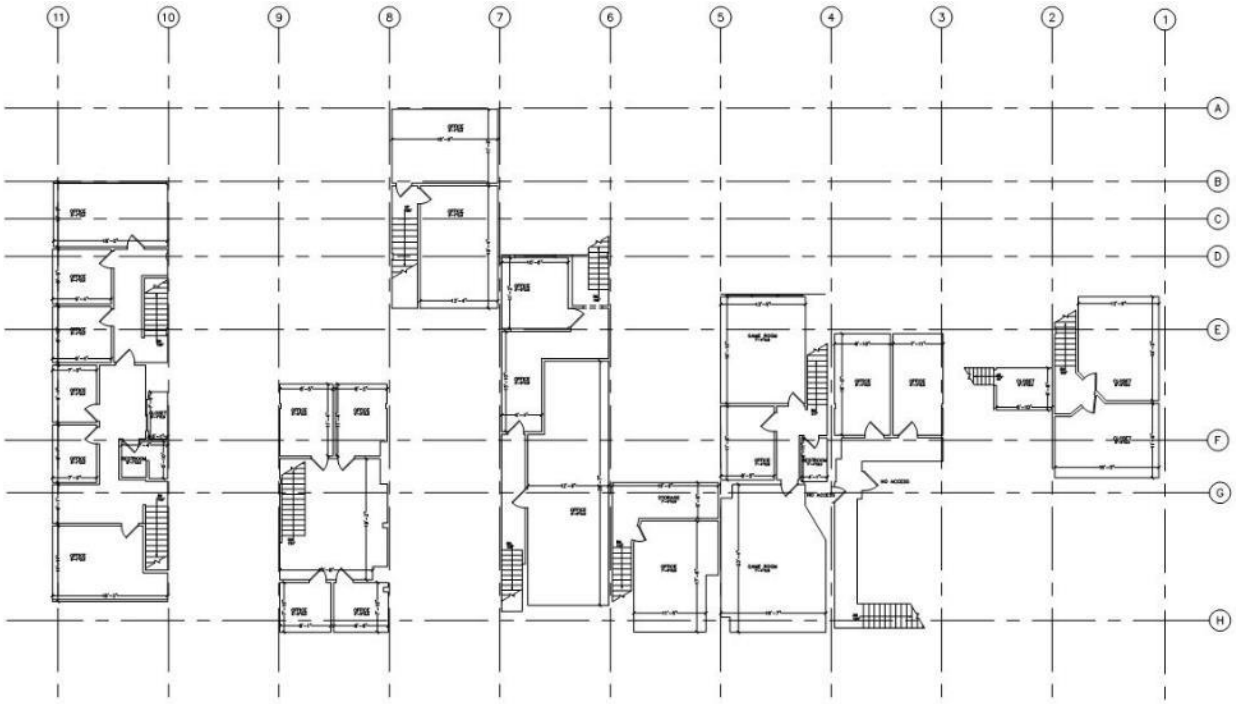


Figure 12: Harrison building mezzanine level

2. DOCUMENT REVIEW

2.1 Drawings

We reviewed two sheets of drawings entitled Lower and Upper (Mezzanine) Plans, 1261 Harrison Street, Oakland, CA 94612 prepared by Precision Property Measurements, dated 24 October 2016. These drawings, reproduced above as Figures 11 and 12, show the general arrangement of walls and floor areas in each space and are drawn to scale. They provide no structural framing information other than the locations and thickness of walls.

We visited the City of Oakland Building Department. They have records of a seismic retrofit performed at this building in 1996 and 1997 but were unable to locate the retrofit drawings. We also contacted the contractor that performed this work, but he also did not have copies of these drawings.

2.2 Reports by Others

2.2.1 SCA Consulting Engineers

We reviewed a letter report prepared by SCA Consulting Engineers, dated 16 September 2017 re: Structural Observation – Existing Buildings, 13th Street, Oakland, CA, SCA Consulting Engineers, dated 16 September 2016. This letter presents a general condition assessment report for the building at 1261 Harrison.

2.2.2 Engeo Incorporated

We reviewed a technical memorandum by ENGEO Inc., dated 8 March 2017 re: Preliminary Micro-Pile Adhesion Recommendations, Harrison Street Project (Monarch Tower and adjacent existing structure). This letter presents the estimated ultimate grout-to-ground bond strength for micro-pile foundations at the 1261 Harrison site.

3. FIELD INVESTIGATION

3.1 Field Observations

Dr. Paul Cordova (SGH Senior Project Manager) visited the building on 11 November 2016 and 17 November 2016. The purpose of the site visit was to observe and take measurements on the exposed structural components to understand the building's vertical and lateral load path and gather information required for our analysis and design. All observations were visual only and we did not remove any finishes to observe structural components.

We observed that the one story rectangular building has approximate plan dimensions of 180 ft east-west by 84 ft north-south. The eastern two-thirds of the plan is divided into narrow shops, each approximately 17.5 ft wide by 84 ft long with entrances along the northern face (Photo 1). There is a larger store at the northeast corner called Smiling South (USA) Inc. whose plan is approximately 50 ft by 50 ft. The two shops (temple and flower shop) at the southeast corner are oriented in the east-west direction (Photo 2).

The south wall is unreinforced masonry brick and is exposed along an alley (Photos 3 and 4) that separates the building from its neighbor to the south. We confirmed this wall is 3 wythes and approximately 13 in. thick. The north and east walls, fronting 13th and Harrison Street respectively, are also brick masonry in the configuration of a series of arches, creating door and window space, topped by deep brick spandrel elements. The brick piers between adjacent arches are approximately 27 in. wide and are spaced at approximately 18 ft on center. The west wall, also of unreinforced brick masonry construction, appears to be a shared wall with the neighboring building (Photo 5) to the west.

The dividing walls between shops are comprised of wood framing with plaster finish on wood lath (both sides). There are 8x8 wood posts at approximately 18 ft on center integrated into the dividing walls. These columns support large wood beams, which also appear to be 8x8, that frame in the north-south direction just below the ceiling (Photo 6). We did not observe any interior masonry brick walls.

There are two small openings in the ceiling where we observed small areas of ceiling and roof framing (Photo 7). The ceiling is framed with 2x4 joists at approximately 4 ft on center and is finished with plaster on wood lath. The ceiling joists frame in the east-west direction and are supported on the 8x8 beam. There is an unsheathed wood stud wall framed above the ceiling

joists at the 8x8 beam that support the roof. The roof is straight board sheathing supported on 2x10 wood joists that frame in the east-west direction at approximately 2 ft on center. The roofing is applied directly to the sheathing. There are several stores that have a secondary T-bar ceiling in addition to original sheathed ceiling (Photo 8).

The mezzanine floors are supported on interior wood stud walls and frame into the main dividing partition walls and columns (Photo 9).

We observed roof parapet bracing on the south and east elevations at approximate 4 ft on center (Photo 10). There are no parapet braces along the north side as this parapet is less than 12 in. tall. There is no parapet on the west wall as the roof runs into the adjacent building, which is one story taller than the Harrison building.

Roof anchors are exposed on the south wall with through bolts and bearing plates at approximately 24 in. on center. There are no exposed anchors on the North and West walls. We did not observe the roof wall anchor connection to the roof framing as this would require demolition of a portion of the ceiling to expose roof framing adjacent to the wall.

There are three skylights, located at even spaces along the north-south direction in each of the 17.5 ft wide bays. Most of these skylights are covered with sheathing (Photos 10 and 11).

4. FIELD TESTING

We engaged Applied Materials and Engineering, Inc. (AME) to perform in-place brick shear testing of the south masonry wall. We selected this wall, adjacent to the alley on the building's south side because testing could be conducted here without disrupting the building tenants.

Under our direction, AME performed brick shear tests at four locations using a calibrated hydraulic ram and pump system to apply a lateral load on in-situ brick until it moved relative to the adjacent bricks. This is a standard test method for evaluating the shear strength of existing unreinforced masonry walls. Photo 12 shows one of the tested locations. The full procedure is outlined in their report in Appendix A. Table 1 below presents a summary of the test results.

Table 1: Brick Masonry Shear Test Results

Test ID	Floor	Elevation of Test Brick Above Floor Level (ft – in.)	Brick Dimensions (in. x in. x in.)	Bed Joint Shear Strength at Initial Movement (psi)	Estimated Collar Joint Coverage (%)
#1	1st	4 – 0	7-7/8 x 2-1/2 x 4	135	100
#2	1st	2 – 4	8 x 2-1/2 x 3-3/4	96	100
#3	1st	2 – 3	8-1/8 x 2-1/2 x 4	131	75
#4	1st	2 – 6	7-7/8 x 2-1/2 x 3-1/2	142	100

5. STRUCTURAL ANALYSIS

5.1 Existing Building Evaluation

We conducted a Tier 2 seismic evaluation of the existing building using the methodology outlined in Chapter 15 of the 2013 edition of American Society of Civil Engineers standard, *Seismic Evaluation of Existing Buildings* (ASCE 41-13). This national consensus standard is adopted by reference into the California Building Code as an acceptable criteria for seismic strengthening of existing buildings, including historic structures. Chapter 15 of the standard has been developed as an update to the basic retrofit requirements originally developed as part of the City of Los Angeles mandatory retrofit program for unreinforced masonry buildings, but has been updated to include more recent understanding of ground motion intensity and lessons learned in the design of retrofits for buildings around California.

We evaluated the building to confirm its conformance with the limited safety performance objective for existing buildings. This performance objective implies that the building will incur damage but should not experience damage that would endanger occupants for earthquakes with a 225-year mean return period (20% probability of exceedance in 50 years, termed BSE-1E). Chapter 15 outlines the acceptability criterion for the existing structural elements described herein. Specifically, we evaluated the roof diaphragm, masonry shear walls, and the exterior masonry wall anchorage.

5.2 Seismic Force Resisting System

Figure 13 is an isometric view of a building like the 1261 Harrison Street structure, showing the major components important to earthquake resistance. These include the exterior walls, and their extension above the roof, termed a parapet, and the interior partition walls, termed cross walls. Figure 14 schematically shows how such a building responds to earthquake ground motion. The perimeter walls oriented transverse to the ground motion are bent “out-of-plane” putting forces on the connections between these walls and the roof. The roof in turn, acts a deep horizontal beam, termed a diaphragm, that spans between the perimeter walls at the building’s ends, which develop in-plane forces termed shear forces. Interior partitions aligned in the direction of ground motion, termed cross walls, distort and dissipate energy, reducing the amount of distortion of the roof diaphragm and out-of-plane walls. We performed calculations, using the procedures in the ASCE 41-13 standard to characterize the adequacy of each of these elements.

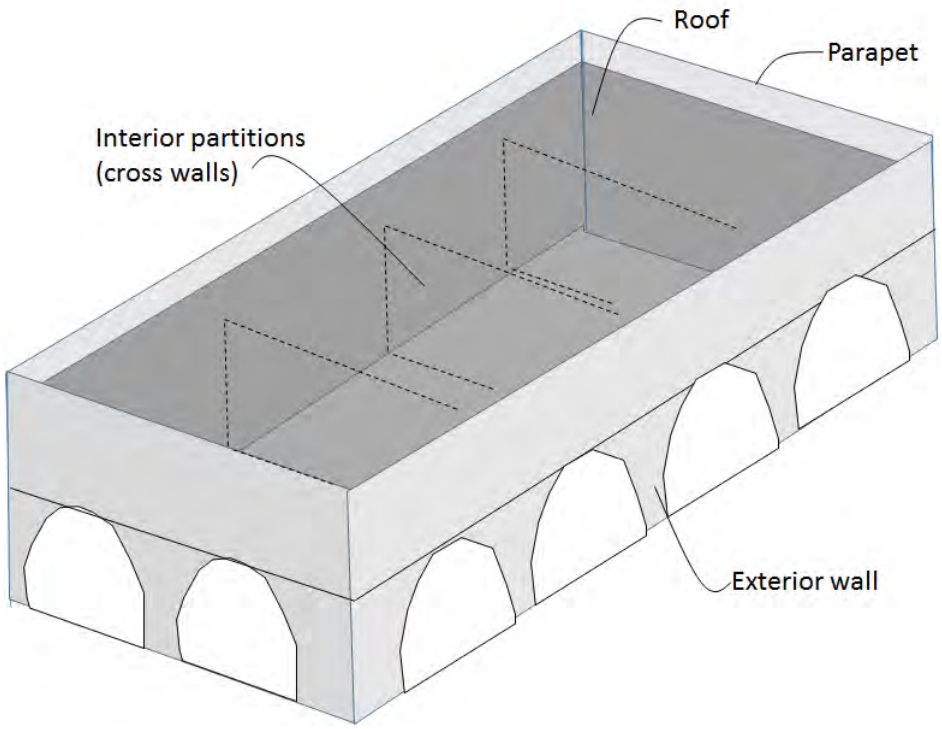


Figure 13: Isometric View of Unreinforced masonry building showing major structural components

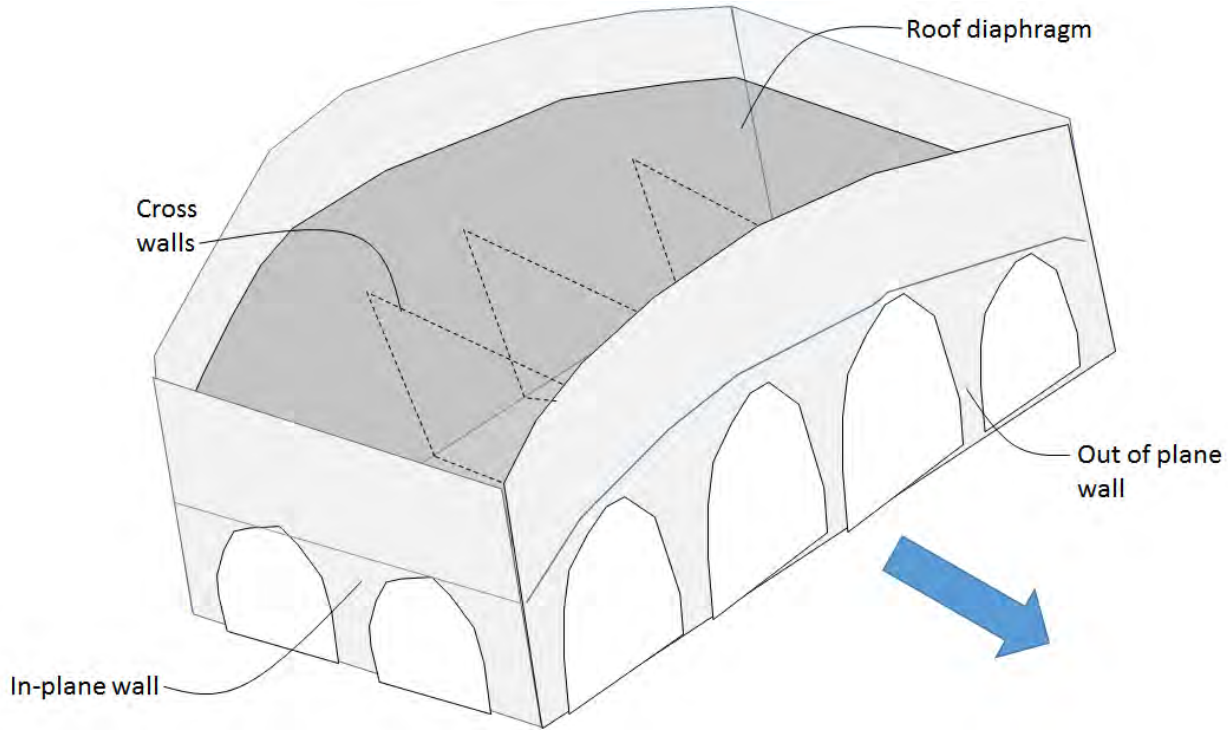


Figure 14: Isometric view of building responding to lateral ground movement

5.2.1 Roof Diaphragm

ASCE 41-13 evaluates the adequacy of a roof to act as a diaphragm considering the weight tributary to the diaphragm, the aspect ratio, whether or not cross walls are present and the strength of the diaphragm sheathing material. In order to take advantage of the interior partitions as cross walls, the walls must connect to both the roof and floor structures and the distance between these walls may not exceed 40 ft. Presently the building has cross walls in the north-south direction, however, these walls terminate at the ceiling level and do not continue to the roof. Per ASCE 41-13 Table 15-2, straight board sheathed roofing systems have a capacity of 300 lbs/ft. We determined the existing roof diaphragm is grossly inadequate for seismic loads with demand to capacity ratio of 28 in the north-south direction and 10 in the east west direction.

5.2.2 Masonry Shear Walls

We evaluated the perimeter masonry walls as shear walls, considering their ability to withstand the in-plane distortions shown in Figure 14. The strength of a masonry wall in shear is a function of the cross sectional area of the wall, and also the shear strength of the mortar. If a wall's shear strength is sufficient, it may be able to rock as a unit when subjected to earthquake forces. This is considered a preferred mode of response. However, to take advantage of this mode, it is necessary for all of the walls in a common line of resistance to be able to rock. We evaluated the resistance of each of the perimeter masonry walls in shear and rocking in accordance with ASCE 41-13.

In order to compute the shear strength of the masonry walls we used the in-place masonry tests conducted by AME on this building. ASCE 41-13 contains a standard procedure for converting the results of such testing into a useable strength, termed the masonry bed joint shear strength. Following this procedure we determine an allowable bed joint shear strength of 67 pounds per square inch of masonry wall cross sectional area. We determined the following:

- The north and east walls have very large arched openings along their lengths leaving approximately 2 ft wide masonry piers between the arches to resist shear forces. These walls are grossly inadequate to resist the BSE-1E demands.
- The shear wall on the west side of the building is shared with the adjacent structure, which is a two-story building with a basement. We judged that we cannot rely on this shared wall as part of the lateral resistance of the building given that it may be modified or removed by the adjacent owner, and, in any event, is likely heavily loaded from the weight of the adjacent structure.

- The south walls resist shear loads based on a combination of bed joint shear and pier rocking. We computed the expected unreinforced masonry shear strength (v_{me}) as 67psi from AME's results (Section 3.2). The demand to capacity ratios (DCRs) considering bed joint shear is 1.30. If rocking is considered, the DCRs vary between 0.8 and 1.25. These walls are not adequate to resist the BSE-1E demands. DCRs in excess of a value of 1 are inadequate.

5.2.3 Out-of-Plane Wall Resistance and Wall Anchorage

ASCE 41-13 judges the adequacy of a wall to resist out-of-plane forces associated with earthquake motion through evaluation of the ratio wall's height (H) to its thickness (t). The standard specifies acceptable values for this H/t ratio based on observation of successful performance of some masonry walls in past earthquakes, and consideration of whether or not the building has qualifying cross walls, as discussed above. The allowable wall height to thickness (H/t) ratio for this building is 16 (Table 15-4 of the ASCE-41-13). The wall height is approximately 22 ft to the roof anchors. With a 13 in. thick wall, this results in an H/t ratio of 20, which exceeds the allowable H/t ratio.

We also evaluated the adequacy of the wall attachment (anchorage) to the roof. We determined the required strength of this anchorage in accordance with ASCE 41-13 Chapter 15 as $2.1S_{x1}$ multiplied by the tributary wall weight, where S_{X1} is the effective acceleration of the ground motion for BSE-1 earthquake shaking. We found that anchorage of the south wall parapet consisting of through bolts with bearing plates is adequate. Bolts attaching the lower south wall to the roof are marginal, with demand to capacity ratios between 0.94 and 1.25.

The east wall has parapet bracing similar to that at the south wall, however, no through bolts and anchor plates are evident. We have assumed that standard anchor bolts used to retrofit unreinforced masonry construction, consisting of steel threaded rods bent downward at angle of 22.5^o and embedded with adhesive into cored holes in the wall have been used. This connection is adequate.

We did not observe through bolt anchors at the roof level along the north and east walls. Based on our observations at the south wall, we have assumed that walls anchors were provided at 2 ft on center at the roof level and we assume that standard 22.5^o anchors were used. With these assumptions, we calculated DCRs that vary between 2.9 and 5.0. These anchors are not adequate.

6. DISCUSSION AND RECOMMENDATIONS

6.1 General

As indicated in the previous section, our evaluation indicates that the building does not meet standards for earthquake resistance specified by applicable seismic safety standards. Although the building has been subjected to a retrofit to bring it into compliance with an ordinance adopted by the City of Oakland in 1993, it remains a substantial earthquake hazard. The following sections describe our recommended strengthening measures to bring the building into compliance with these standards. Figures 15, 16 and 17 below, show the locations of recommended strengthening measures. Appendix B contains schematic level plans and details more fully describing these measures.

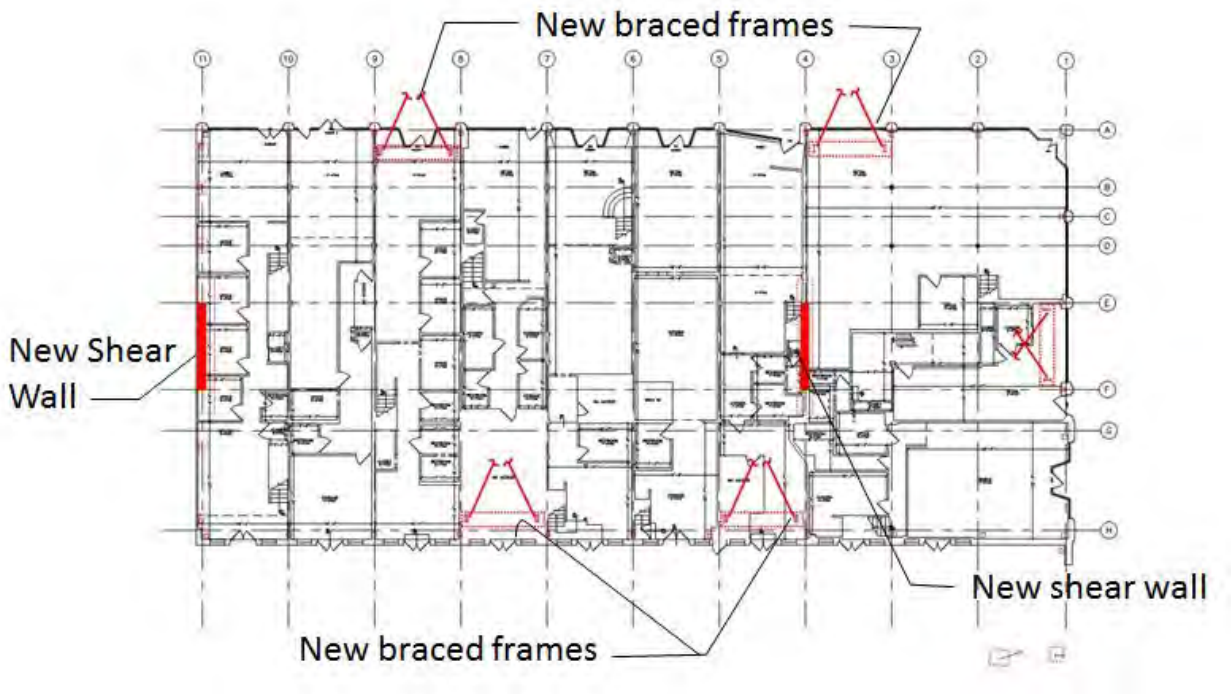


Figure 15: Ground Level Retrofit Structural Members

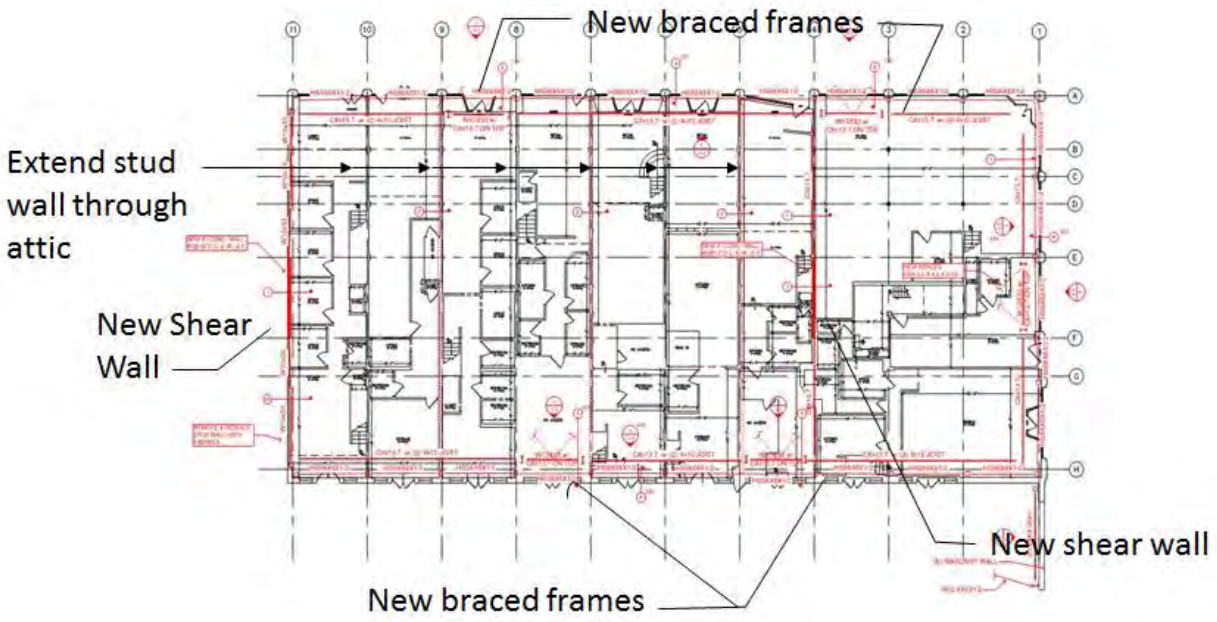


Figure 16: Roof Level Retrofit Structural Members

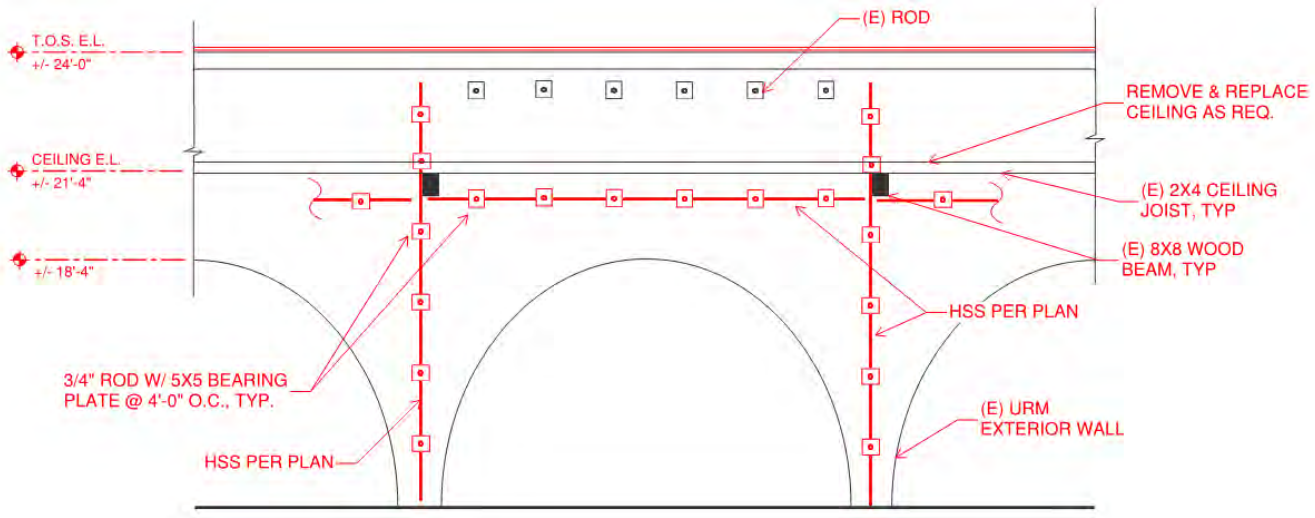


Figure 17: Masonry Wall Out-of-Plane Support Frame

6.2 Roof Diaphragm

The existing straight-sheathed roof diaphragm has inadequate strength for the computed seismic demands. The lack of full height cross walls and the large spans are the primary reason for the high diaphragm stresses.

We recommend installing plywood sheathing over the existing straight board sheathing. In addition, we recommend providing plywood sheathing to the bare wood stud walls above the

cross walls at gridlines 5, 7, and 9. This will connect these cross walls to the roof diaphragm and reduce the shear demand on the new diaphragm (Figure 16).

6.3 Unreinforced Brick Wall

The narrow piers along the north and east elevations do not provide adequate lateral resisting along these lines. We recommend adding steel braced frames to resist the seismic loads along the north and south elevations. The locations and sizes of these frames are shown in the Figure 15

The south wall has narrow, 4 ft wide, piers that tend to rock early when subjected to earthquake forces. Once these walls rock, the seismic load redistributes into the larger, 20 ft long wall at the south east corner. This wall does not have adequate shear capacity. We recommend installing two new steel braced frames along the south wall, as shown in plan in Figure 15.

We recommend adding two new 8 in. thick reinforced concrete walls at gridlines 4 and 11, as shown on the in Figure 15. The new wall at gridline 4 provides an additional line of resistance in the north-south direction and significantly reduces the diaphragm span. The new wall along gridline 11 is required to eliminate reliance on the 17 in. thick unreinforced masonry brick wall that is shared with the neighboring building. In addition to providing lateral resistance, we also recommend new steel framing to support the roof framing along this elevation. This approach develops an independent vertical and lateral system which anticipates the shared wall will be removed sometime in the future, or may be damaged because the other structure is not retrofitted.

New reinforced concrete foundations are required at each of the new braced frames and reinforced concrete walls. Schematically, these foundations are typically 4 ft wide by 2 ft thick with micro-piles as shown in Appendix B. Micro-piles gain their support primarily from skin friction in the alluvial soils underlying the site. The number of micro-piles and length varies in each of the lines of resistance depending on the computed overturning demands. Per Engeo's recommendations (Appendix D), the micro-piles are pressure grouted using Type B construction per the U.S. Department of Transportation Publication No. FHWA-NHI 05-039. The micro-piles are designed using an estimated ultimate bond strength 2,500 pounds per square foot.

6.4 Exterior Wall Anchorage

The north, south, and east walls exceed the height to thickness ratios established in Table 15-4 of ASCE-41-13. This implies that the walls can be subject to "blow-out" failures. We recommend

installing intermediate steel framing to provide out-of-plane support to these walls and reduce their effective height and H/t ratio. The steel framing consists of horizontal HSS tubes that are anchored to the wall and span to HSS columns at each wall pier. The columns are also anchored to the wall and delivers the out-of-plane load to the slab on grade and the roof diaphragm. Figure 17 shows an elevation of a typical wall panel illustrating how these measures are installed.

The existing roof wall anchors are deficient on the north and east walls and are compliant on the south walls. The new steel framing reduces the demands on the existing roof wall anchors thereby making them adequate for the new out-of-plane demands.

The roof parapet braces and anchorage along the south and east walls are adequate. The connection to the roof diaphragm was not observed during our site visit and we have assumed it is adequate to transfer the roof parapet anchor loads. No further strengthening is recommended for the parapet, pending further investigation as part of final design.

6.5 Retrofitted Building

This section presents a summary of the seismic retrofit recommendations for the Harrison Street building in order to meet the life safety performance for the BSE-1E earthquake (i.e. Limited Performance Objective). This retrofit program outlined below addresses the deficiencies identified in Section 4.1.

- Provide new steel braced frames along gridlines 1, A & H, as shown Figure 4.
- Provide new concrete shear walls along gridlines 4 & 11, as shown in Figure 4
- Provide new concrete foundations including micro-piles at the locations of the steel braced frames and concrete walls.
- Provide new collector members are the roof level near gridlines 1, 4, 11, A & H. A typical channel member with wood blocks is specified for the new collector as shown in Figure 5.
- At the roof level add 1/2 in. plywood over the entire roof to increase the diaphragm capacity.
- Provide new wood studs and plywood between the ceiling and roof level to extend the cross walls to the roof.
- Provide additional typical framing to provide out-of-plane support of the masonry walls as shown in Figure 6.

6.6 Cost Estimate

We engaged TBD Consultants to provide a cost estimate of the proposed retrofit program. Their cost estimate is restricted to the seismic structural upgrade and does not address costs related to relocating building occupants and building contents, and any other upgrades such as accessibility, architectural, and MEP. They assumed the building would be vacant during retrofit.

The estimated construction cost for this retrofit is $3,315,000 or $163.00 per square foot (present value). This cost includes contingency, for design development, but does not include soft costs associated with design, project management, project financing, or relocation of tenants. TBD's full report and cost estimate is included in Appendix C.

7. CONCLUSIONS

We conclude as follows:

- The 2161 Harrison Street building is an unreinforced brick masonry bearing wall building. As a class, the State of California has identified these buildings as a significant earthquake hazard since as early as 1933.

- The building's configuration and construction, as well as its location in Oakland, proximity to the Hayward fault, renders it particularly hazardous in many respects.

- Although the building was brought into compliance with a mandatory City of Oakland retrofit ordinance in 1995, the building retains much of its seismic vulnerability. It does not meet current standards for earthquake resistance for unreinforced masonry buildings.

We developed a schematic design of seismic retrofit for the building to bring it into compliance with the seismic safety standards of nationally applicable standards. The estimated construction cost for this retrofit is $3,315,000 or $163.00 per square foot. This cost includes contingency, for design development, but does not include soft costs associated with design, project management, project financing, or relocation of tenants.

\\fs1-sfo\data\Projects\2016\167293.00-HAWE\WP\001PPCordova-R-167293.00.jdi_Report.docx

PHOTOS

Photo 1

Entrances along the northern face.

Photo 2

The two shops (temple and flower shop) at the southeast corner are oriented in the east-west direction.

Photo 3

The south wall is unreinforced masonry brick and is exposed along an alley.

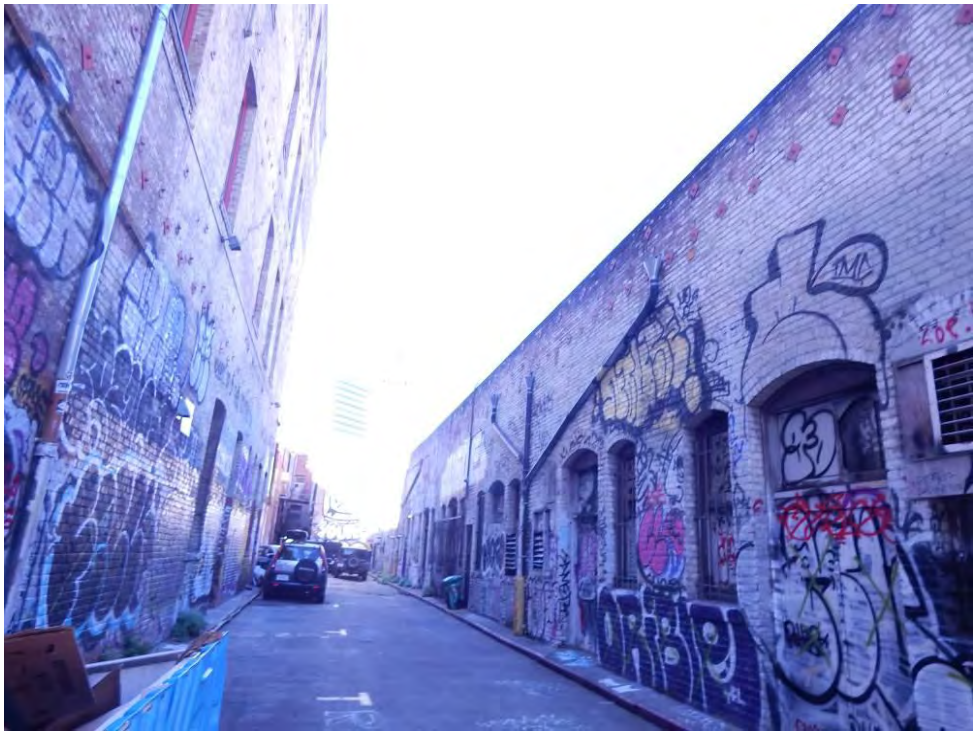


Photo 4

The south wall is unreinforced masonry brick and is exposed along an alley.

Photo 5

The west wall, also of unreinforced brick masonry construction, appears to be a shared wall with the neighboring building to the west.

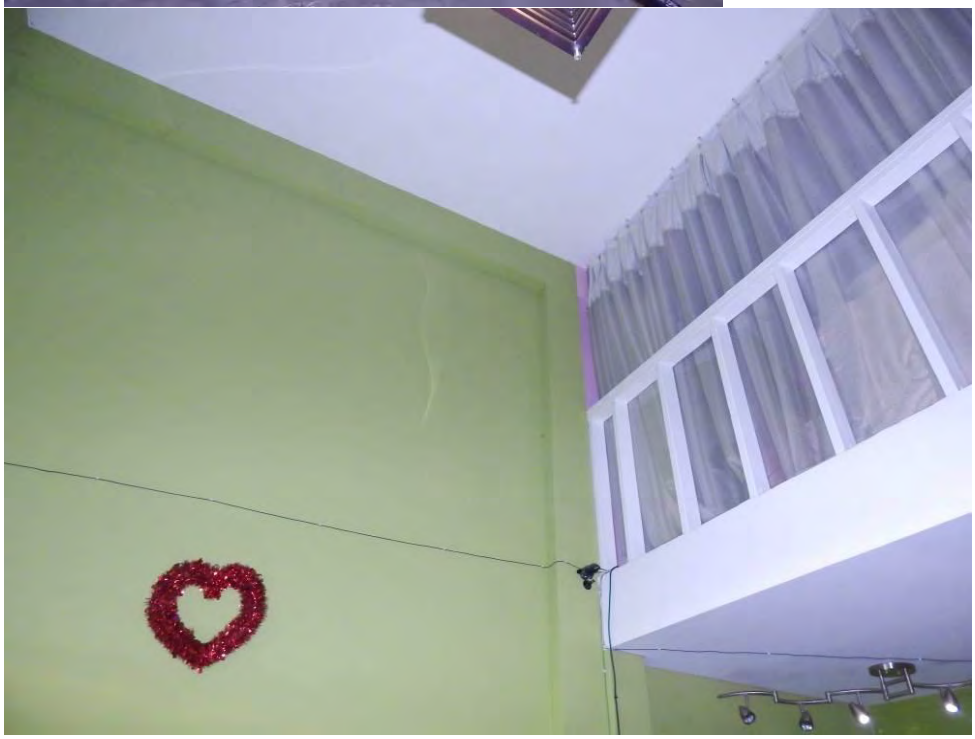


Photo 6

Columns support large wood beams, which also appear to be 8x8, that frame in the north-south direction just below the ceiling.

Photo 7

There are two small openings in the ceiling where we observed small areas of ceiling and roof framing.

Photo 8

There are several stores that have a secondary T-bar ceiling in addition to original sheathed ceiling.

Photo 9

The mezzanine floors are supported on interior wood stud walls and frame into the main dividing partition walls and columns.

Photo 10

Roof parapet bracing on the south and east elevations at approximate 4 ft on center.

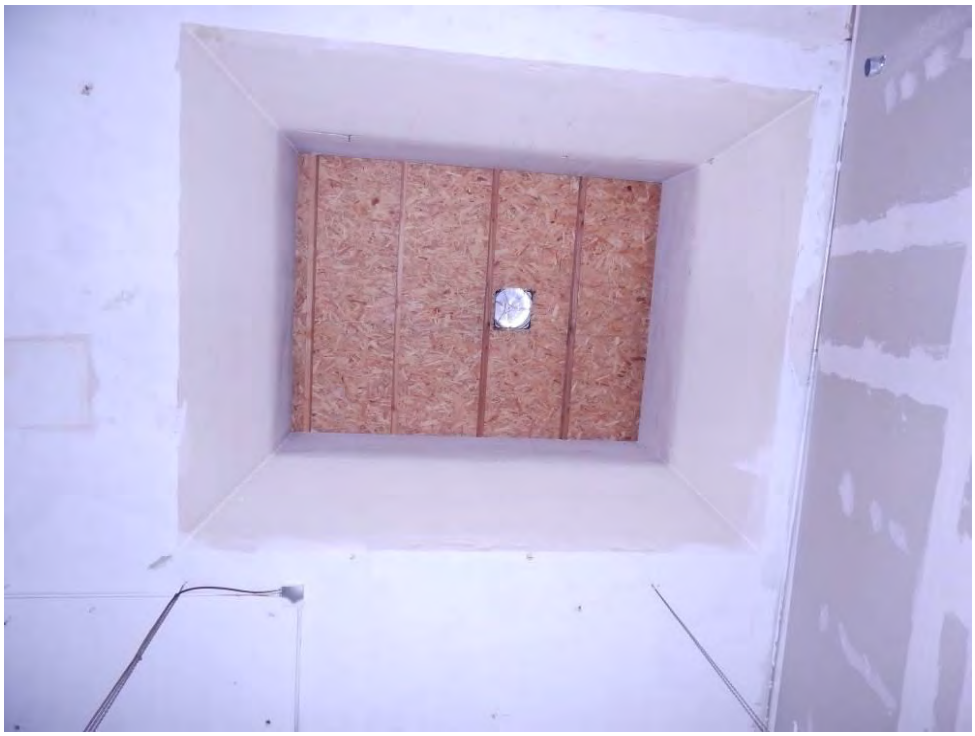


Photo 11

There are three skylights, located at even spaces along the north-south direction in each of the 17.5 ft wide bays. Most of these skylights are covered with sheathing.

Photo 12

One of the tested locations performed by AME.

APPENDIX A

Brick Shear Testing Results

APPLIED MATERIALS & ENGINEERING, INC.
980 41st Street
Oakland, CA 94608
Tel: (510) 420-8190
FAX: (510) 420-8186
e-mail: info@appmateng.com

January 13, 2017

Project No. 1170027C

Mr. Paul P. Cordova
SIMPSON GUMPERTZ & HEGER
100 Pine Street, Suite 1600
San Francisco, CA 04111

Email:PPCordova@sgh.com

Subject: Brick Shear Testing
1261 Harrison Street, Oakland, CA

Dear Mr. Cordova:

As requested, Applied Materials & Engineering, Inc. (AME) has completed in-place brick shear testing of masonry wall elements at the subject property.

PROCEDURES & RESULTS

A total of four (4) in-place brick shear tests (#1 through #4) were performed at the subject building.

A calibrated hydraulic ram and pump system were used to apply the load. The bed joints of the masonry were tested in shear by laterally displacing a single brick relative to the adjacent bricks in the same wythe. The head joint opposite the loaded end of the test brick was carefully excavated and cleared. The brick adjacent to the loaded end of the test brick was carefully removed by drilling and excavating to provide space for a hydraulic ram and steel loading blocks. The load was applied horizontally, in the plane of the wythe, until either a crack was seen or slip occurred. The strength of the mortar was calculated by dividing the load at the first cracking or movement of the test brick by the nominal gross area of the sum of the two bed joints.

Locations (approximate) of the testing are shown in Figure 1. Results of the testing are given in Table I; reported strengths have not been corrected for existing dead and live loads. Based on these reported results, the in-place shear strengths varied from a low of 96 psi to a high of 142 psi.

Please call if any questions arise.

Sincerely,

APPLIED MATERIALS & ENGINEERING, INC.

Brandon Antos
Project Manager

Reviewed by:

Armen Tajirian, Ph.D., PE
Principal

TABLE I

BRICK SHEAR TEST RESULTS

1261 Harrison Street, Oakland, CA

AME Project No. 1170027C

Test ID.*	Floor	Elevation of Test Brick Above Floor Level (ft - in.)	Brick Dimensions (in. x in. x in.)	Bed Joint Shear Strength at Initial Movement (psi)	Estimated Collar Joint Coverage (%)
#1	1st	4 – 0	7⅞ x 2½ x 4	135	100
#2	1st	2 – 4	8 x 2½ x 3¾	96	100
#3	1st	2 – 3	8⅛ x 2½ x 4	131	75
#4	1st	2 – 6	7⅞ x 2½ x 3½	142	100

*See Figure 1 for approximate test locations.

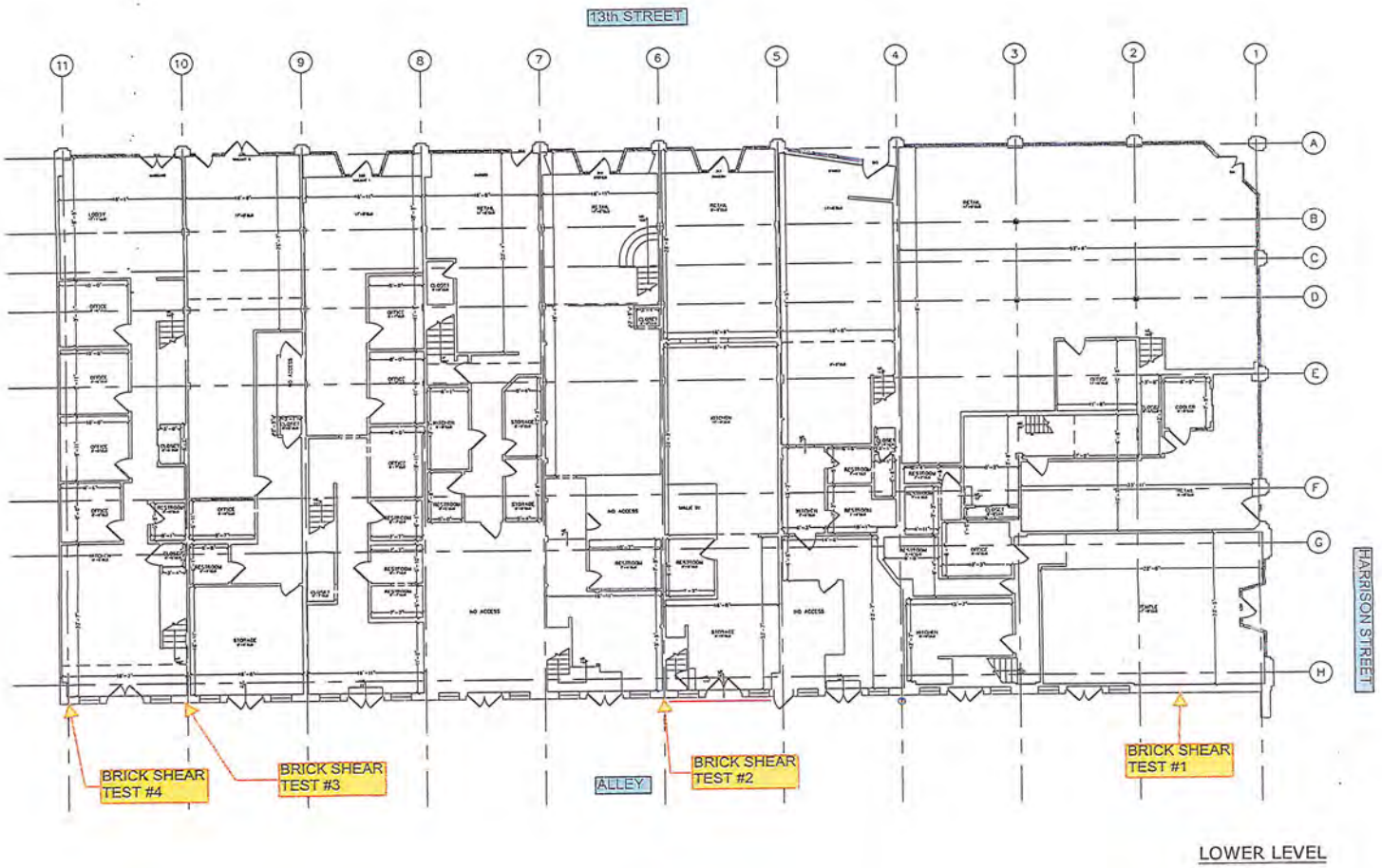


Figure 1. Plan showing approximate test locations.

PPM
PRECISION PROPERTY MEASUREMENTS
3026 E. PACIFIC COAST HIGHWAY | 2ND FLOOR
LONG BEACH CA | 90804
T 562.621.9100
F 888.698.2966
WWW.PPMCO.NET

A BETTER PLAN

PREPARED FOR
VAN BRUNT ASSOCIATES

PROJECT TYPE
LOWER LEVEL FLOOR PLAN

PROJECT NAME
HARRISON STREET BUILDING

PROJECT ADDRESS
1261 HARRISON STREET
OAKLAND, CA 94612

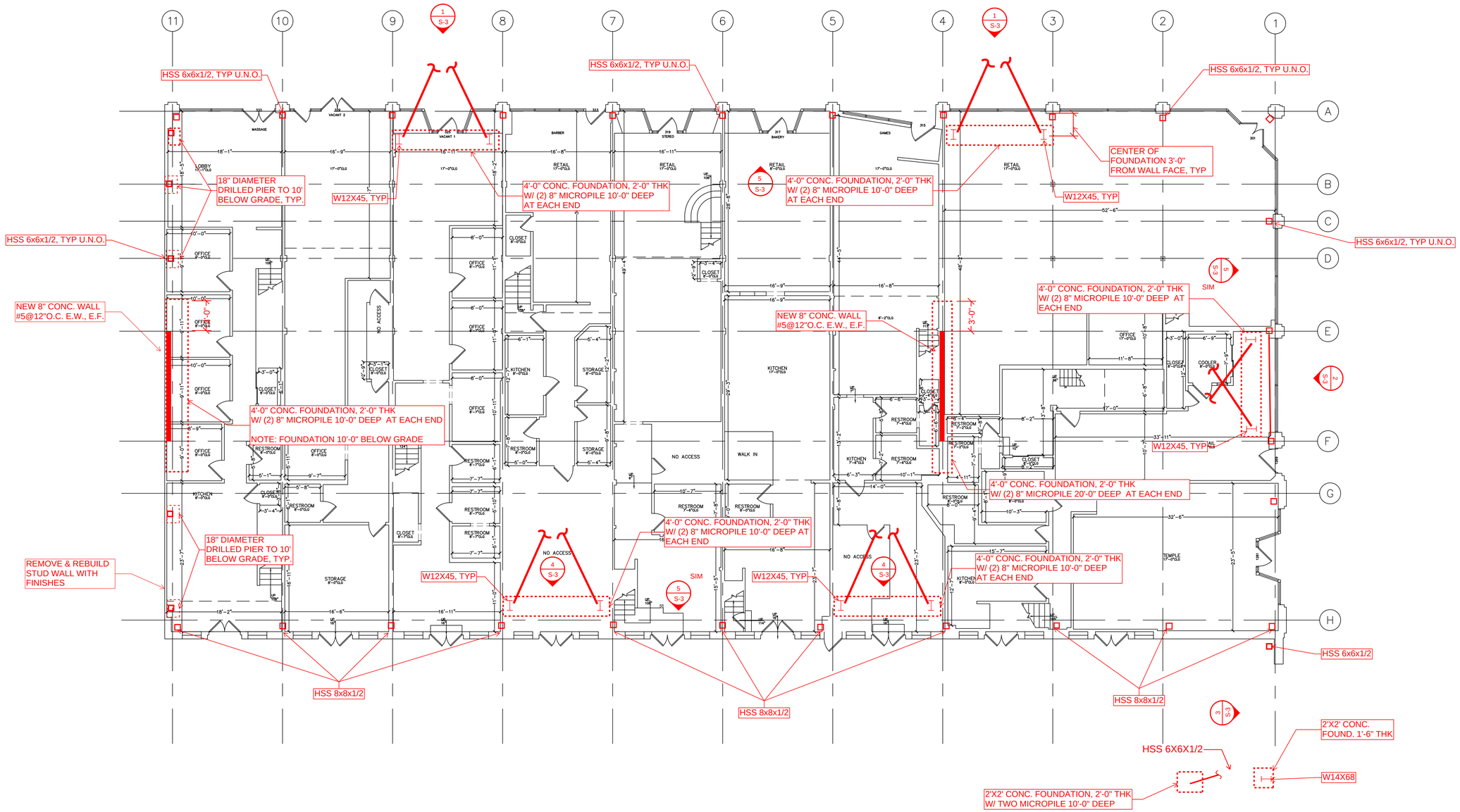
SCALE
1/8" = 1'-0"
PROJECT
13523
APPROVED BY
#33
DATE
10/24/16
SHEET
1 of 2

APPENDIX B

Seismic Retrofit Plans, Elevations, and Details

NOTES:

1. The micropiles construction shall be pressure grouted through the casing Type B per the FHWA-NHI-05-039



GROUND LEVEL PLAN

PRECISION PROPERTY MEASUREMENTS

3626 E. PACIFIC COAST HIGHWAY | 2ND FLOOR
LONG BEACH CA | 90804
T 562.621.9100
F 888.698.2966
WWW.PPMCO.NET

A BETTER PLAN

PREPARED FOR

VAN BRUNT ASSOCIATES

PROJECT TYPE

LOWER LEVEL FLOOR PLAN

PROJECT NAME

HARRISON STREET BUILDING

PROJECT ADDRESS

1261 HARRISON STREET
OAKLAND, CA 94612

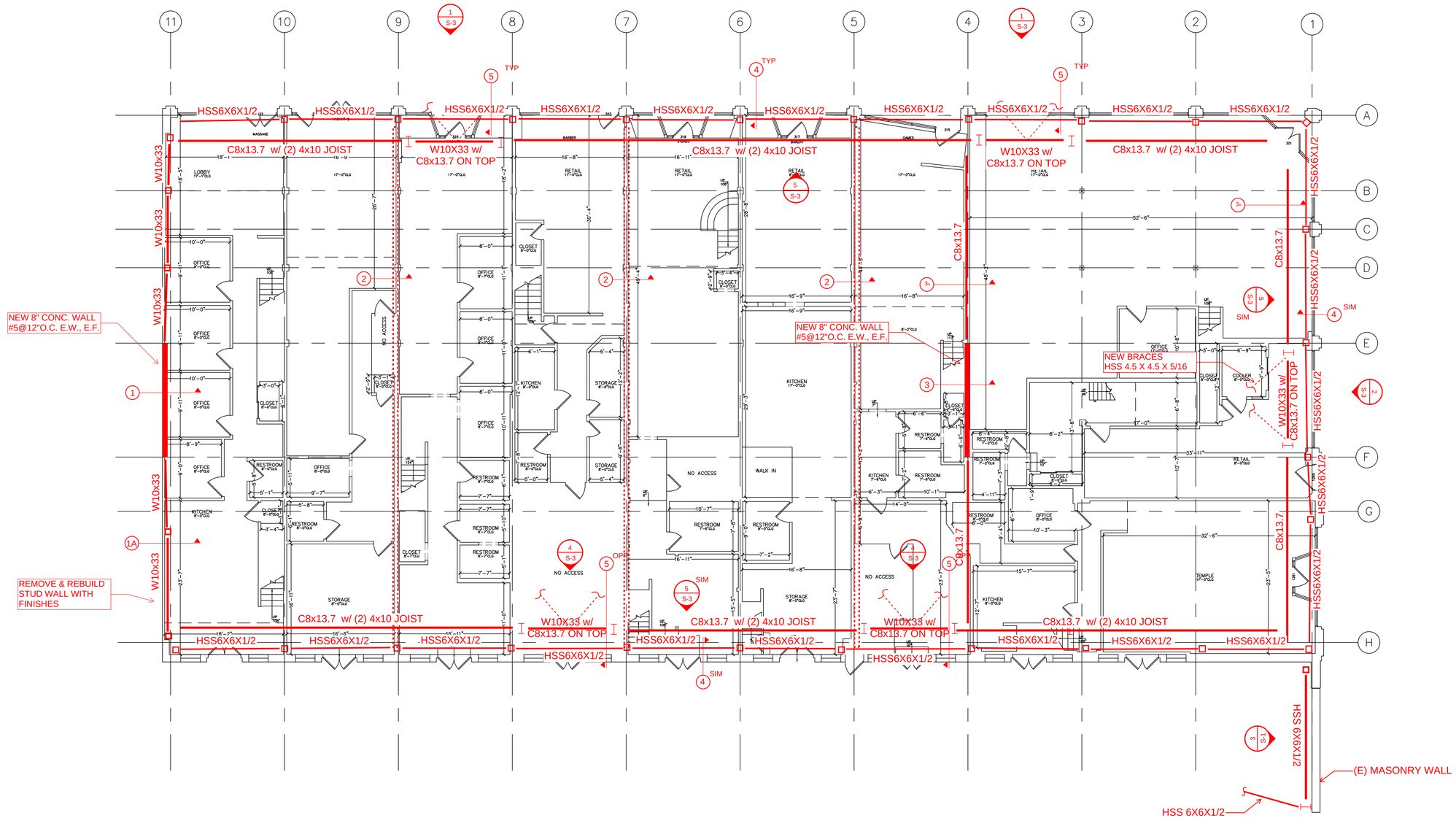
SCALE
1/8" = 1'-0"

PROJECT
13523

APPROVED BY
#33

DATE
10/24/16

SHEET
S-1



ROOF PLAN

PPM
PRECISION PROPERTY MEASUREMENTS

3626 E. PACIFIC COAST HIGHWAY | 2ND FLOOR
LONG BEACH CA | 90804
T 562.621.9100
F 888.698.2966
WWW.PPMCO.NET

A BETTER PLAN

PREPARED FOR

VAN BRUNT ASSOCIATES

PROJECT TYPE

LOWER LEVEL FLOOR PLAN

PROJECT NAME

HARRISON STREET BUILDING

PROJECT ADDRESS

1261 HARRISON STREET
OAKLAND, CA 94612

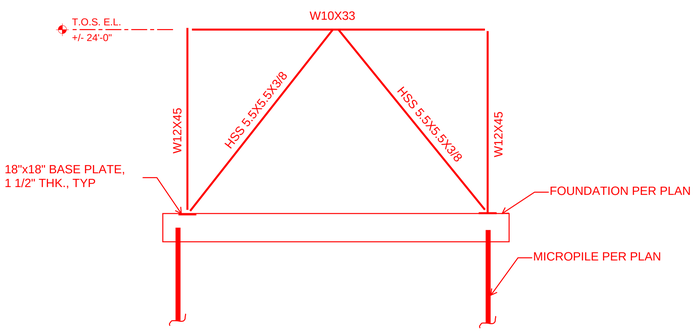
SCALE
1/8" = 1'-0"

PROJECT
13523

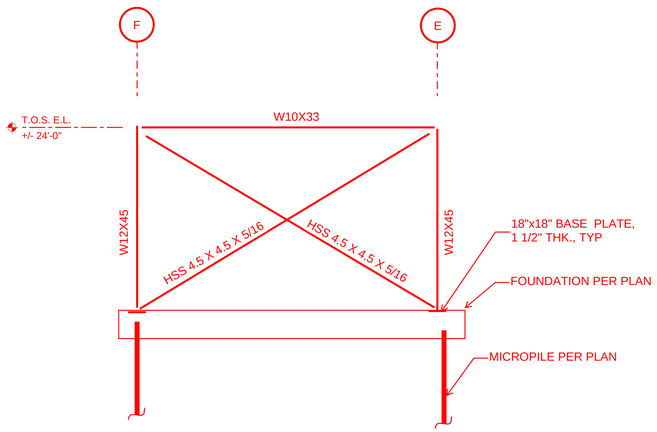
APPROVED BY
#33

DATE
10/24/16

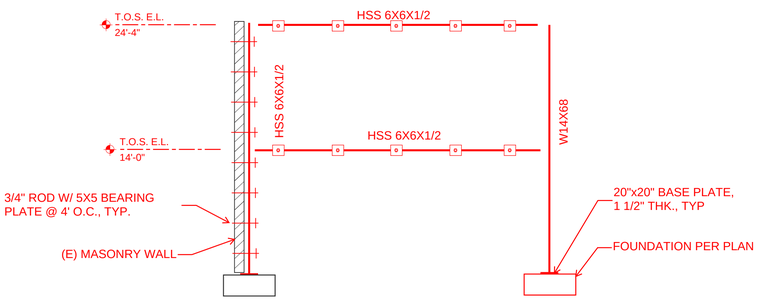
SHEET
S-2



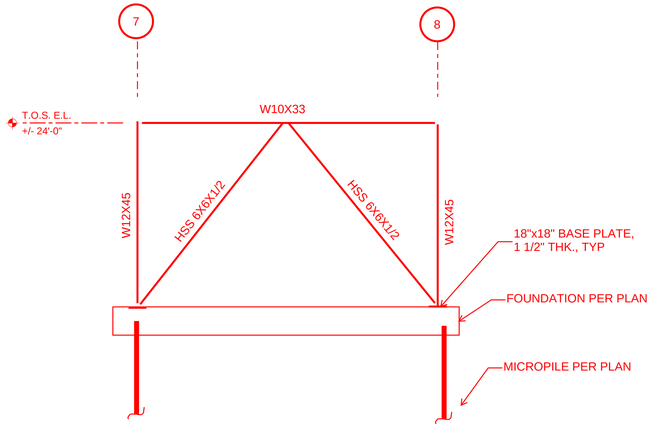
1 ELEVATION LINE A



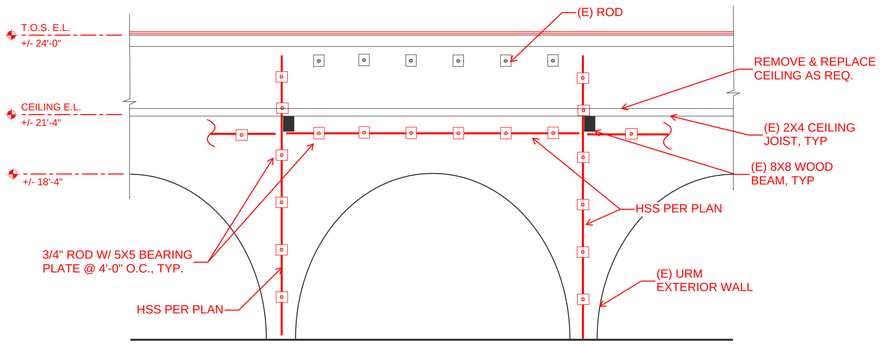
2 ELEVATION LINE 1



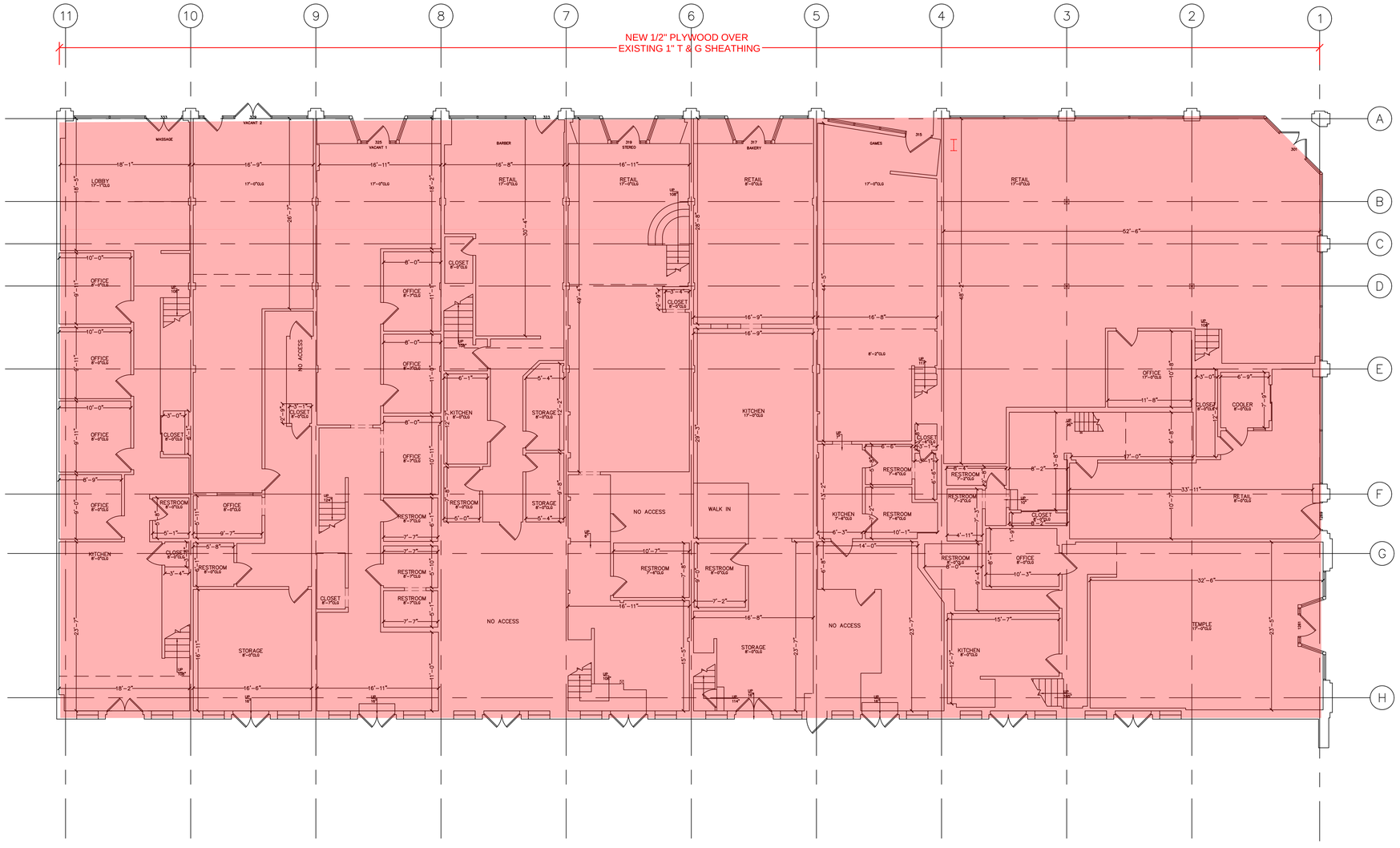
3 ELEVATION LINE 1 (ALLEY AREA)



4 ELEVATION LINE H



5 EXTERIOR WALL ANCHORAGE DETAIL



ROOF PLAN

PRECISION PROPERTY MEASUREMENTS
3626 E. PACIFIC COAST HIGHWAY | 2ND FLOOR
LONG BEACH CA | 90804
T 562.621.9100
F 888.698.2966
WWW.PPMCO.NET

A BETTER PLAN

PREPARED FOR

VAN BRUNT ASSOCIATES

PROJECT TYPE

LOWER LEVEL FLOOR PLAN

PROJECT NAME

HARRISON STREET BUILDING

PROJECT ADDRESS

1261 HARRISON STREET
OAKLAND, CA 94612

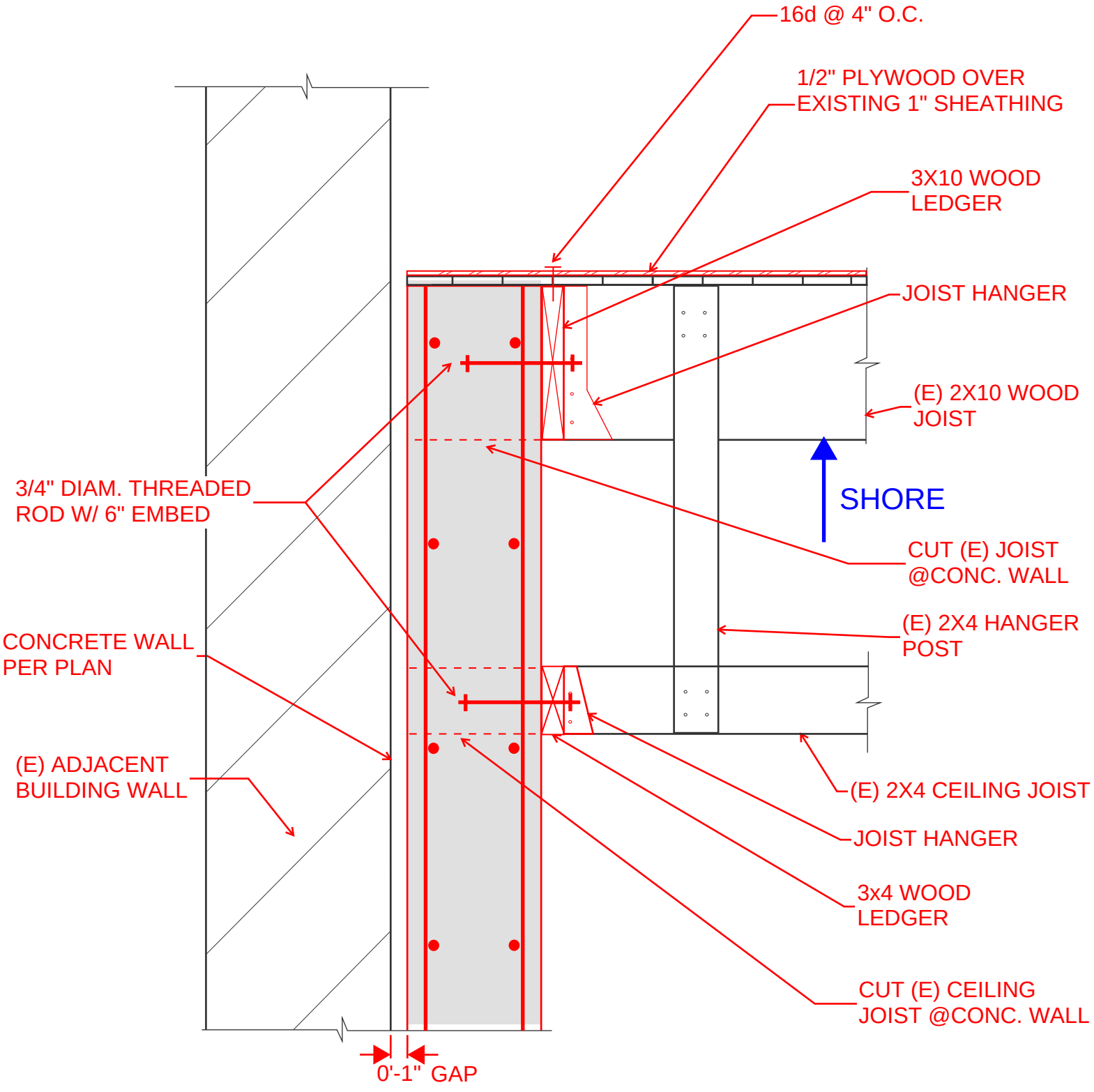
SCALE
1/8" = 1'-0"

PROJECT
13523

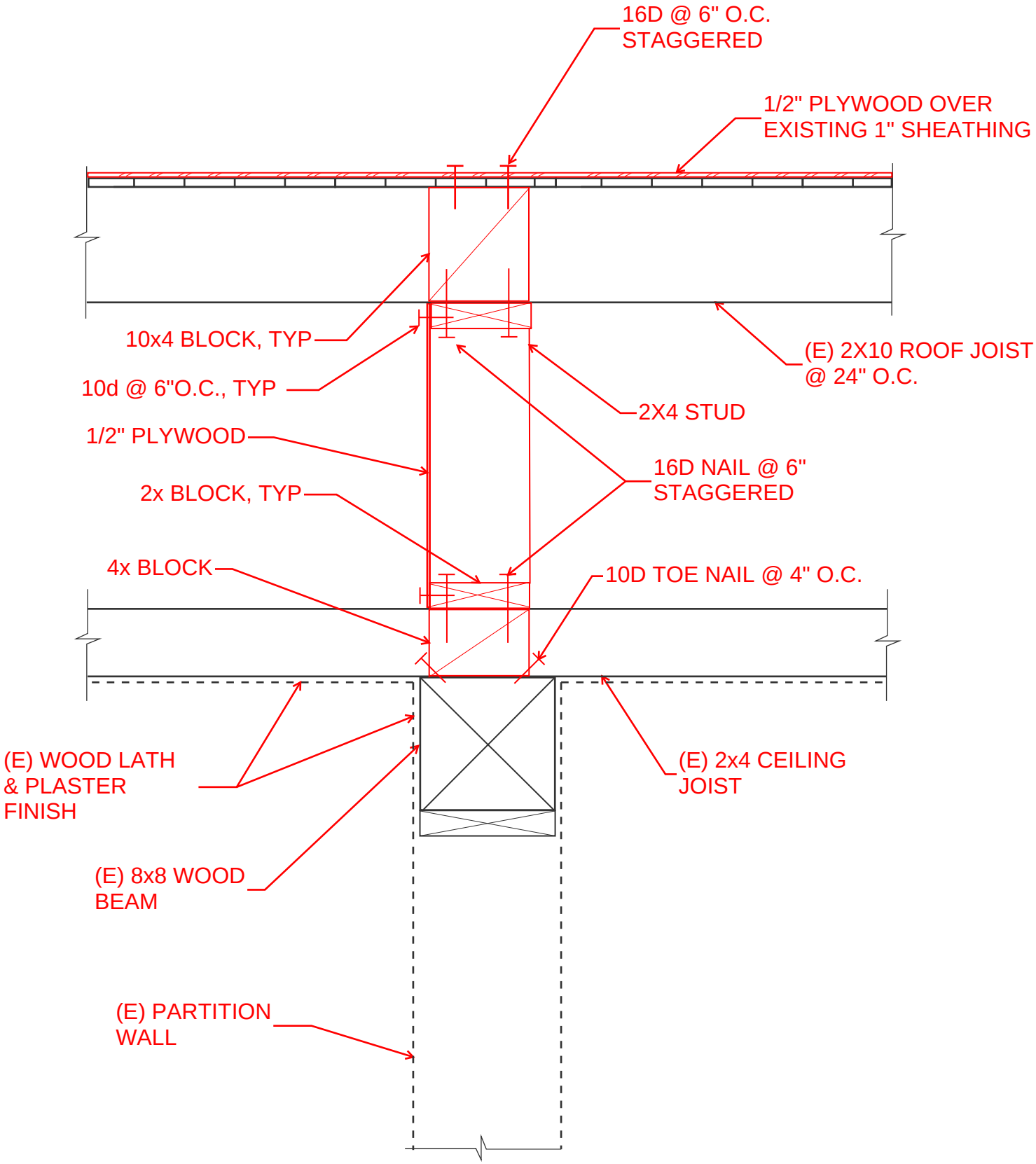
APPROVED BY
#33

DATE
10/24/16

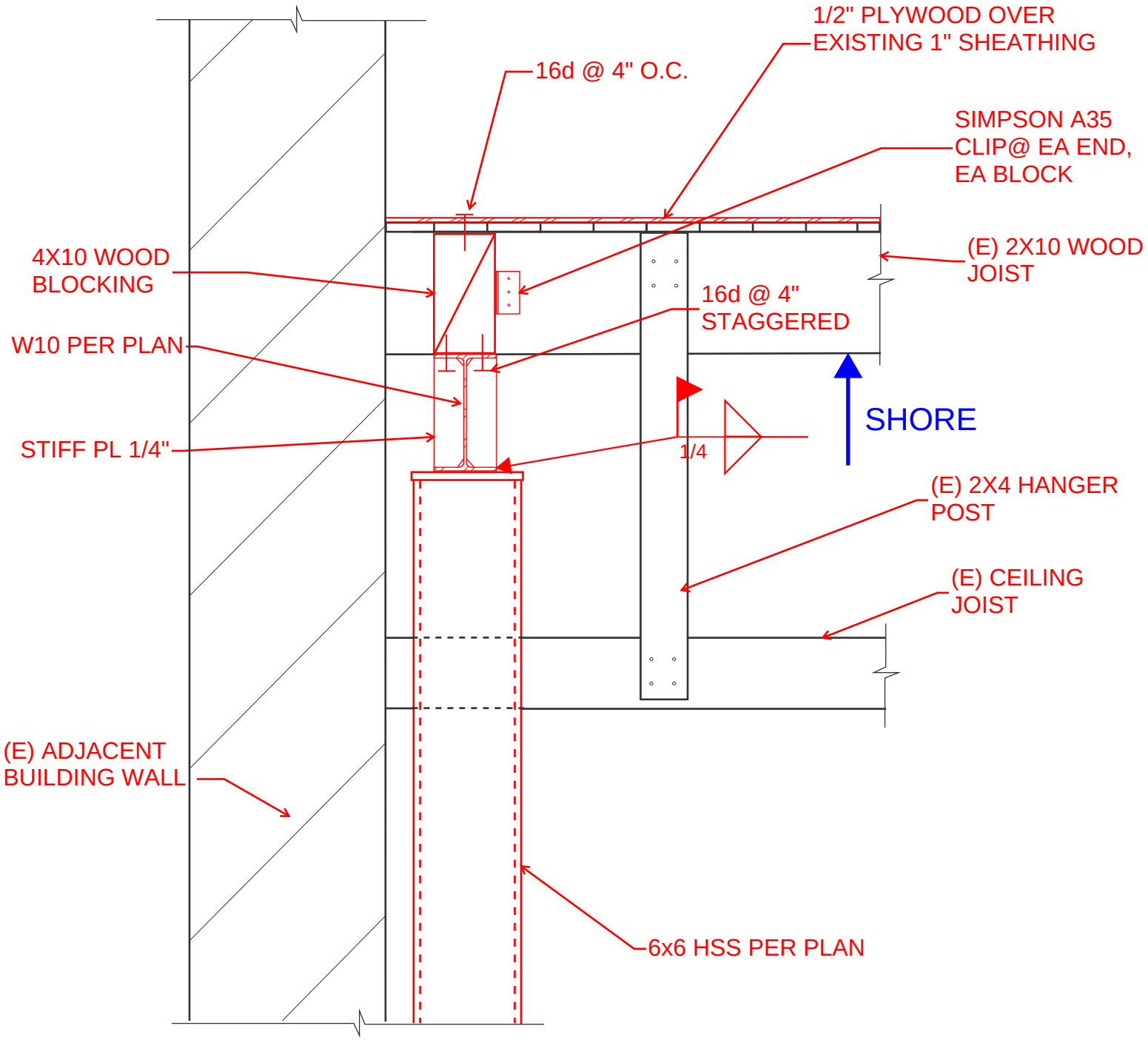
SHEET


16d @ 4" O.C.
1/2" PLYWOOD OVER EXISTING 1" SHEATHING
3X10 WOOD LEDGER
JOIST HANGER
(E) 2X10 WOOD JOIST
SHORE
3/4" DIAM. THREADED ROD W/ 6" EMBED
CUT (E) JOIST @CONC. WALL
(E) 2X4 HANGER POST
CONCRETE WALL PER PLAN
(E) ADJACENT BUILDING WALL
(E) 2X4 CEILING JOIST
JOIST HANGER
3x4 WOOD LEDGER
CUT (E) CEILING JOIST @CONC. WALL
0'-1" GAP

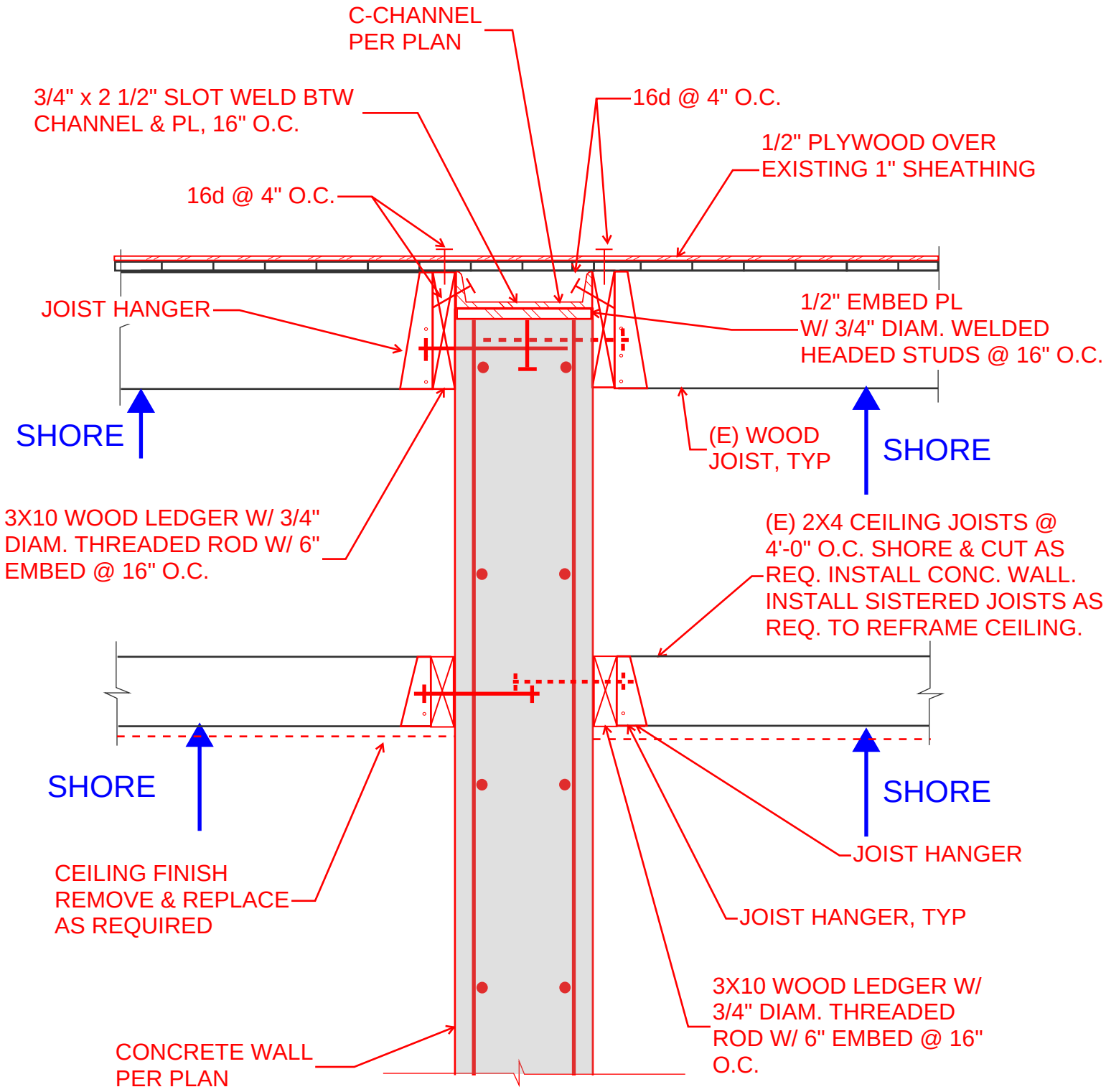
1 DETAIL


16D @ 6" O.C.
STAGGERED
1/2" PLYWOOD OVER
EXISTING 1" SHEATHING
10x4 BLOCK, TYP
10d @ 6"O.C., TYP
1/2" PLYWOOD
2x BLOCK, TYP
4x BLOCK
(E) WOOD LATH
& PLASTER
FINISH
(E) 8x8 WOOD
BEAM
(E) PARTITION
WALL
(E) 2X10 ROOF JOIST
@ 24" O.C.
2X4 STUD
16D NAIL @ 6"
STAGGERED
10D TOE NAIL @ 4" O.C.
(E) 2x4 CEILING
JOIST

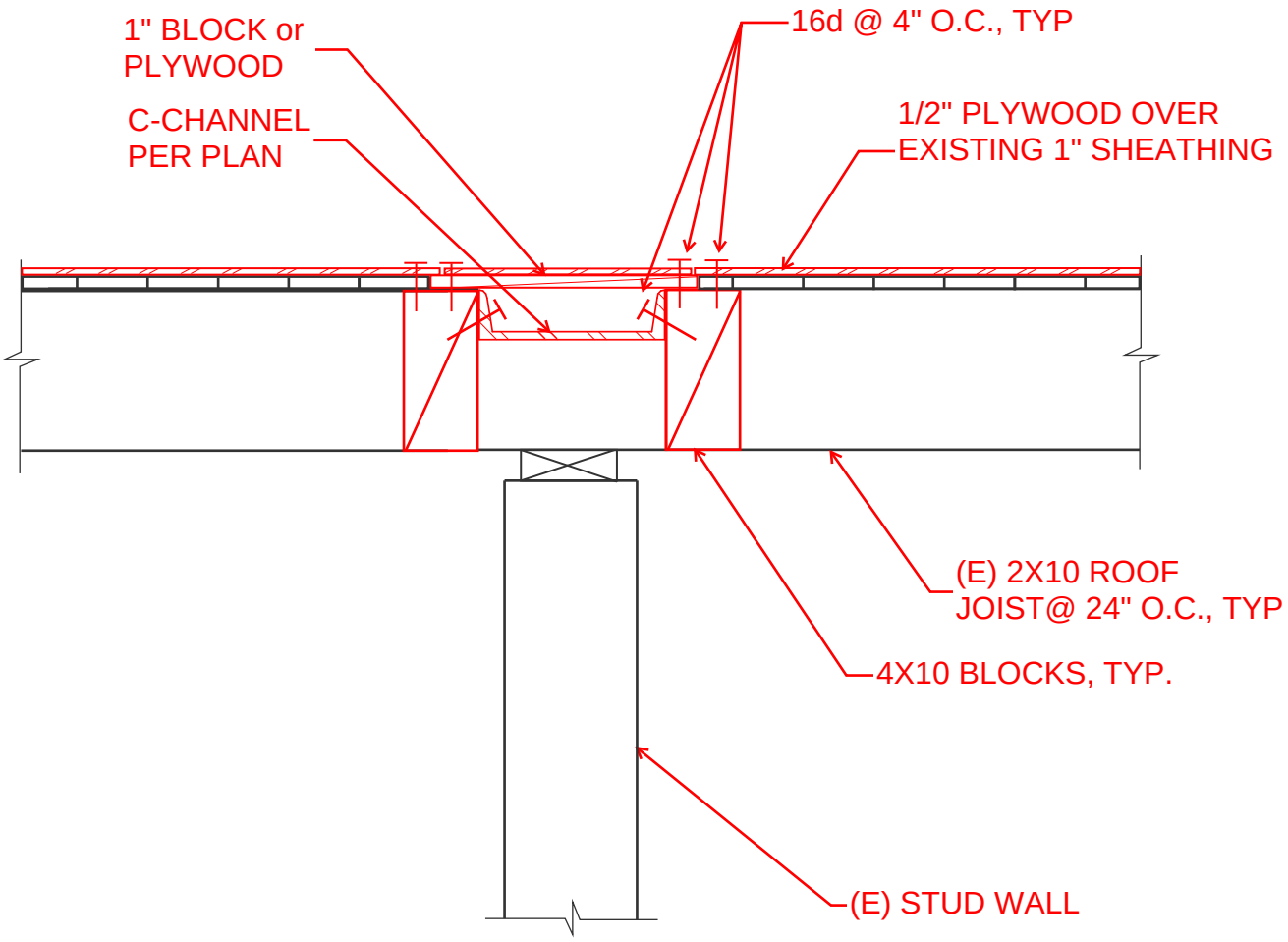
2 DETAIL


1/2" PLYWOOD OVER
EXISTING 1" SHEATHING
16d @ 4" O.C.
SIMPSON A35
CLIP@ EA END,
EA BLOCK
4X10 WOOD
BLOCKING
(E) 2X10 WOOD
JOIST
16d @ 4"
STAGGERED
W10 PER PLAN
SHORE
STIFF PL 1/4"
1/4
(E) 2X4 HANGER
POST
(E) CEILING
JOIST
(E) ADJACENT
BUILDING WALL
6x6 HSS PER PLAN

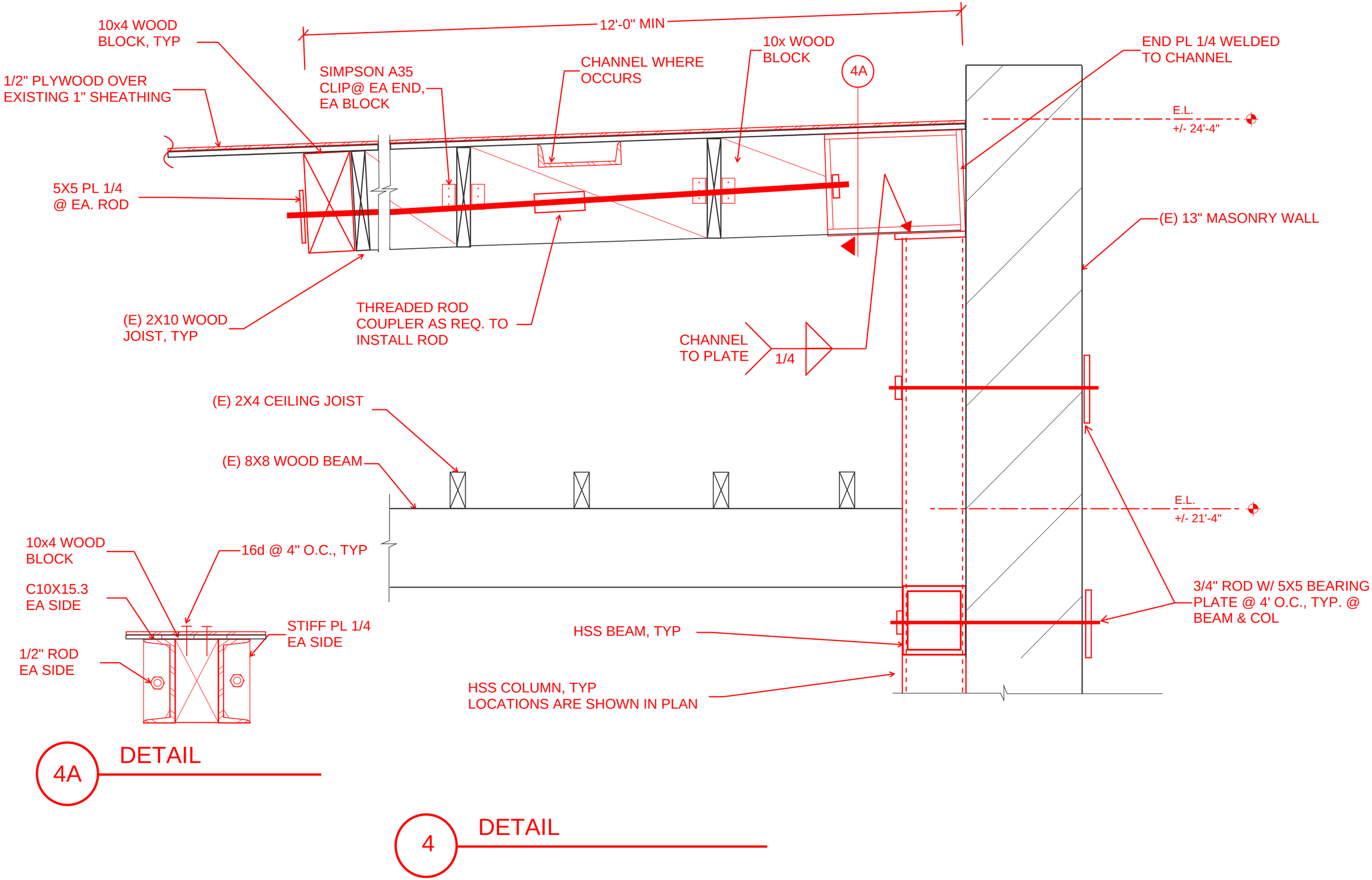
1A DETAIL


C-CHANNEL
PER PLAN
3/4" x 2 1/2" SLOT WELD BTW
CHANNEL & PL, 16" O.C.
16d @ 4" O.C.
1/2" PLYWOOD OVER
EXISTING 1" SHEATHING
16d @ 4" O.C.
JOIST HANGER
1/2" EMBED PL
W/ 3/4" DIAM. WELDED
HEADED STUDS @ 16" O.C.
SHORE
(E) WOOD
JOIST, TYP
SHORE
3X10 WOOD LEDGER W/ 3/4"
DIAM. THREADED ROD W/ 6"
EMBED @ 16" O.C.
(E) 2X4 CEILING JOISTS @
4'-0" O.C. SHORE & CUT AS
REQ. INSTALL CONC. WALL.
INSTALL SISTERED JOISTS AS
REQ. TO REFRAME CEILING.
SHORE
SHORE
JOIST HANGER
CEILING FINISH
REMOVE & REPLACE
AS REQUIRED
JOIST HANGER, TYP
3X10 WOOD LEDGER W/
3/4" DIAM. THREADED
ROD W/ 6" EMBED @ 16"
O.C.
CONCRETE WALL
PER PLAN

3 DETAIL

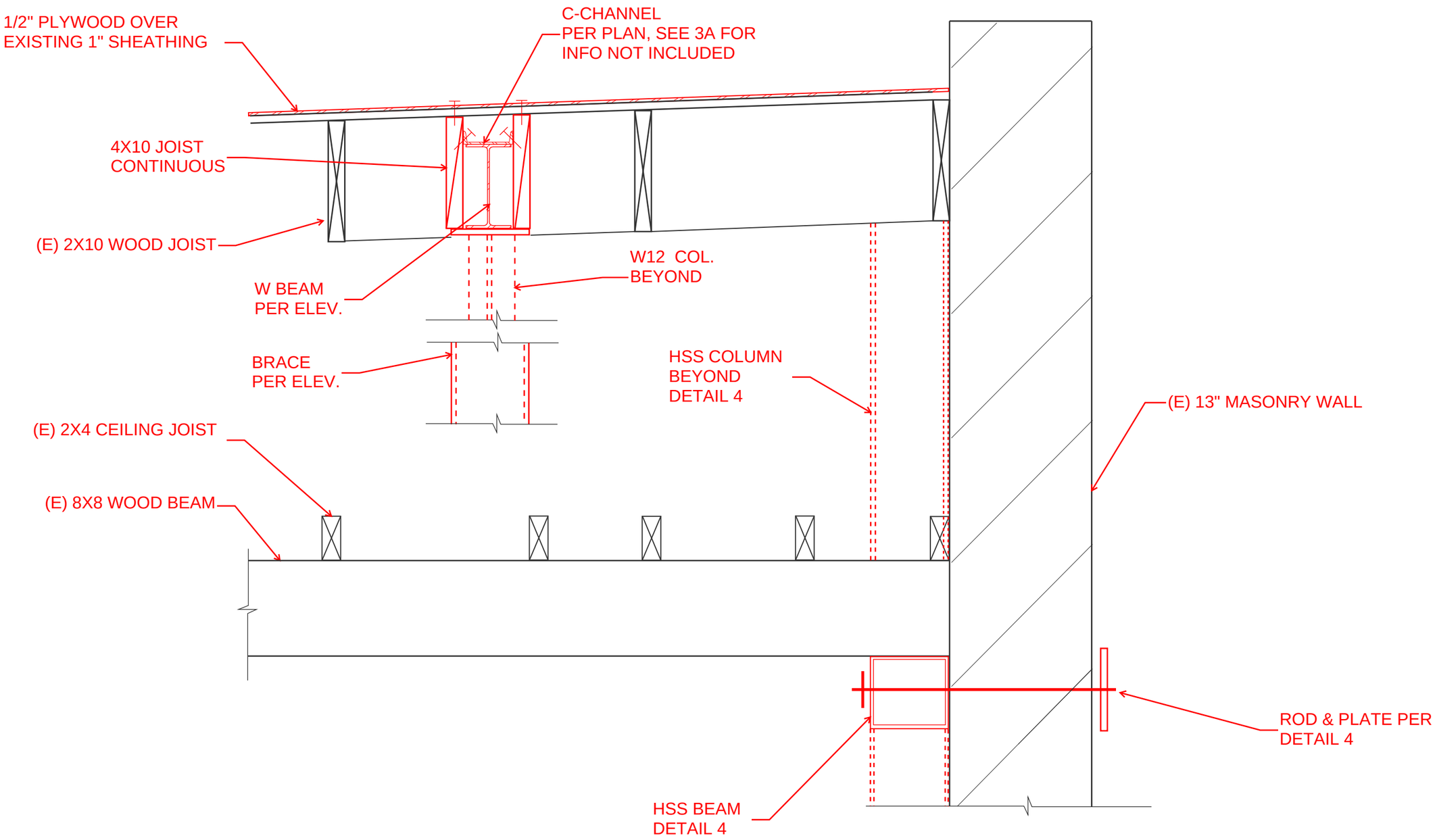

1" BLOCK or
PLYWOOD
C-CHANNEL
PER PLAN
16d @ 4" O.C., TYP
1/2" PLYWOOD OVER
EXISTING 1" SHEATHING
(E) 2X10 ROOF
JOIST@ 24" O.C., TYP
4X10 BLOCKS, TYP.
(E) STUD WALL

3A DETAIL



4A DETAIL

4 DETAIL


1/2" PLYWOOD OVER
EXISTING 1" SHEATHING
C-CHANNEL
PER PLAN, SEE 3A FOR
INFO NOT INCLUDED
4X10 JOIST
CONTINUOUS
(E) 2X10 WOOD JOIST
W BEAM
PER ELEV.
W12 COL.
BEYOND
BRACE
PER ELEV.
HSS COLUMN
BEYOND
DETAIL 4
(E) 13" MASONRY WALL
(E) 2X4 CEILING JOIST
(E) 8X8 WOOD BEAM
ROD & PLATE PER
DETAIL 4
HSS BEAM
DETAIL 4

5 DETAIL

APPENDIX C

Cost Estimate

1261 Harrison Street
Oakland, CA

Seismic Retrofit Project

March 20, 2017

tbd consultants
111 Pine Street, Suite 1315
San Francisco, CA 94111

415.981.9430 phone (main)

www.tbdconsultants.com

Prepared for:

Simpson Gumpertz & Heger

100 Pine Street, Suite 1600
San Francisco, CA 94111

415.495.3550

TABLE OF CONTENTS

BASIS OF ESTIMATE

PROJECT DESCRIPTION

The project involves seismic improvements to the existing single story commercial building at 1261 Harrison Street in Oakland, California.

The building structure is comprised of loadbearing masonry perimeter walls, with a wood framed roof structure, with interior wood posts. The building is ten bays long x six bay wide, with a typical bay being 17'-6" wide.The perimeter walls are approximately 24'-0" high to the top of the parapet. There are no interior load bearing walls The interior of the building is subdvidied by non-load-bearing partitions to create a series of retail units.

Seismic strengthening measures include the following:

1. Install steel braced frames with concrete grade beams and micropiles in five perimeter bays.
2. Install CIP concrete shear walls with concrete grade beams and micropiles in two bays, one perimeter location, one interior.
3. Install tube steel posts and beams to inside face of perimeter masonry walls and thru'-bolt walls to steelwork. Some posts require new drillled pier foundations
4. Install new steel collector channel at perimeter of roof level
5. Install new steel collector channel across building at roof level at line of interior concrete shearwall
6. Install new wood framing, blocking and plywood sheathing at existing roof structure along transverse gridlines
7. Install tie-back anchor assemblies at perimeter walls to tie walls to roof diaphragm.
8. Install new plywood roof diaphragm over existing roof sheathing
9. Replace roofing / replace disturbed architectural finishes
10. Minor electrical and plumbing removal / replacement at location of new work.

The costs indicated are restricted to the seismic structural work and do not address any costs related to relocating existing building occupants and building contents, accessibility upgrade, architectural upgrades, MEP upgrades.

REFERENCE DOCUMENTATION

Documents: *(received February 9, 2017)*

SGH proposed strengthening scheme	
Plans	(3 sheets)
Elevations	(1 sheet)
Details	(7 sheets)

MEETINGS / DISCUSSIONS

Ongoing e-mail / phone discussions with SGH staff.

BASIS OF ESTIMATE

KEY BUILDING CRITERIA

Gross Floor Area:		
First floor	14,780	
Mezzanine	5,600	
Total floor area	**20,380**	**GSF**
Perimeter:	515	LF
No. of Storys:	one	
Height:	Approx. 24'-0" to top of parapet	

BASIS FOR PRICING

This estimate reflects the fair construction value for this project and should not be construed as a prediction of low bid. Prices are based on local prevailing wage construction costs at the time the estimate was prepared. Pricing assumes a procurement process with competitive bidding for all sub-trades of the construction work, which is to mean a minimum of 3 bids for all subcontractors and materials/equipment suppliers. If fewer bids are solicited or received, prices can be expected to be higher.

Subcontractor's markups have been included in each line item unit price. Markups cover the cost of field overhead, home office overhead and subcontractor's profit. Subcontractor's markups typically range from 15% to 25% of the unit price depending on market conditions.

General Contractor's/Construction Manager's Site Requirement costs are calculated on a percentage basis. General Contractor's/Construction Manager's Jobsite Management costs are also calculated on a percentage

General Contractor's/Construction Manager's overhead and fees are based on a percentage of the total direct costs plus general conditions, and covers the contractor's bond, insurance, site office overheads and profit.

Unless identified otherwise, the cost of such items as overtime, shift premiums and construction phasing are not included in the line item unit price.

This cost estimate is based on standard industry practice, professional experience and knowledge of the local construction market costs. TBD Consultants have no control over the material and labor costs, contractors methods of establishing prices or the market and bidding conditions at the time of bid. Therefore TBD Consultants do not guarantee that the bids received will not vary from this cost estimate.

CONTINGENCY

Design Contingency ***20%***

The Design Contingency is carried to cover scope that lacks definition and scope that is *anticipated* to be added to the Design. As the Design becomes more complete the Design Contingency will reduce.

Construction Contingency ***N/A*** ***to be carried elsewhere in Owner's Budget***

The Construction Contingency is carried to cover the unforeseen during construction execution and Risks that do not currently have mitigation plans. As Risks are mitigated, Construction Contingency can be reduced, but should not be eliminated.

A Market Conditions Factor has not been included to reflect the current bidding climate where we should expect multiple bids for each trade. An owners contingency has not been included in this construction cost estimate, but it is advised that the owner carry additional contingency to cover scope change, claims and delays.

CONSTRUCTION DURATION

A preliminary duration of 6 months for construction has been assumed.

ESCALATION

Escalation has been **excluded** from the estimate. All costs represent "Today's Dollars".

EXCLUSIONS

- Land acquisition, feasibility, and financing costs.
- All Owner soft costs.
- All professional fees and insurance.
- Construction Manager Agency Costs.
- Site or existing condition survey investigation costs.
- Hazardous materials inspection costs, or accomodations in construction for hazardous materials.
- Overtime, 2nd shift and lost productivity premiums - except where specifically identified.
- Construction or occupancy phasing (current assumption is a single construction phase in a vacant building).
- Owners Construction Contingency for scope changes and market conditions at time of bid.
- Permits and fees.
- Seismic upgrades to existing MEP systems (bracing, flexible pipe connections etc.)

ITEMS THAT MAY AFFECT THIS ESTIMATE

Such items include, but are not limited to the following:

Modifications to the scope of work subsequent to the preparation of this estimate
Unforeseen existing conditions
Compression of planned construction schedule (current assumption is approx. 6 months+ duration)
Special requirements for site access, off-hour work or phasing activities
Restrictive technical specifications, excessive contract or non-competitive bid conditions
Sole source specifications for materials, products or equipment
Bid approvals delayed beyond the anticipated project schedule

UNIFORMAT II SUMMARY **Gross Square Feet:** 20,380

Seismic Retrofit Project

	SECTION	%	$	$ / SF	COMMENTS
	10 FOUNDATIONS	10.3%	202,243	9.92	
	20 BASEMENT CONSTRUCTION				
A	**SUBSTRUCTURE**	**10.3%**	**202,243**	**9.92**	
	10 SUPERSTRUCTURE	38.1%	748,482	36.73	
	20 EXTERIOR CLOSURE	0.8%	15,400	0.76	
	30 ROOFING	12.4%	244,506	12.00	
B	**SHELL**	**51.3%**	**1,008,388**	**49.48**	
	10 INTERIOR CONSTRUCTION	8.5%	166,800	8.18	
	20 STAIRS	0.3%	5,000	0.25	
	30 INTERIOR FINISHES	13.4%	263,420	12.93	
C	**INTERIORS**	**22.2%**	**435,220**	**21.36**	
	10 CONVEYING				
	20 PLUMBING	1.6%	30,570	1.50	
	30 HVAC	2.6%	50,950	2.50	
	40 FIRE PROTECTION				
	50 ELECTRICAL	2.1%	40,760	2.00	
D	**SERVICES**	**6.2%**	**122,280**	**6.00**	
	10 EQUIPMENT				
	20 FURNISHINGS				
E	**EQUIPMENT + FURNISHINGS**				
	10 SPECIAL CONSTRUCTION				
	20 SELECTIVE BUILDING DEMOLITION	9.9%	194,451	9.54	
F	**SPECIAL CONSTRUCTION + DEMOLITION**	**9.9%**	**194,451**	**9.54**	
	10 SITE PREPARATION		525	0.03	
	20 SITE IMPROVEMENTS	0.1%	1,400	0.07	
	30 SITE MECHANICAL UTILITIES				
	40 SITE ELECTRICAL UTILITIES				
	50 OTHER SITE CONSTRUCTION				
G	**BUILDING SITEWORK**	**0.1%**	**1,925**	**0.09**	
DIRECT COSTS		100%	**1,964,507**	**96.39**	
	SITE REQUIREMENTS	5.0%	98,225	4.82	
	JOBSITE MANAGEMENT	20.0%	392,901	19.28	
	ESTIMATE SUB-TOTAL		**2,455,633**	**120.49**	
	INSURANCE + BONDING	2.5%	61,391	3.01	
	FEE	10.0%	245,563	12.05	
	ESTIMATE SUB-TOTAL		**2,762,587**	**135.55**	
	DESIGN CONTINGENCY	20.0%	552,517	27.11	
	CONSTRUCTION CONTINGENCY	N/A			Owner to carry
	ESTIMATE SUB-TOTAL		**3,315,104**	**162.66**	
	ESCALATION	0.0%			**Excluded**
ESTIMATE TOTAL			**$ 3,315,104**	**162.66**	total add-ons 68.75%

REF	DESCRIPTION	QUANTITY	UoM	UNIT RATE	TOTAL	COMMENTS
1						
2	**FOUNDATIONS**					
3						
4	**New Grade Beams**	*140*	*LF*			
5						
6	Grade beams, 4'-0"w x 2'-0"d					
7	Concrete	41.5	CY	350.00	14,525	
8	Rebar, allow 250#/CY	10,375	LBS	1.25	12,969	typical wall rebar
9	Dowels, at 1'-0" at existing footings	140	EA	75.00	10,500	
10	Formwork	644	SF	15.00	9,660	
11						
12	Earthwork					
13	Excavate to ex. Foundation level	231	CY	80.00	18,480	no shoring req'd.
14	Backfill with engineered fill	189.5	CY	60.00	11,370	assume 3' deep
15	Offhaul spoils - footings and drilled piers	45.3	CY	45.00	2,039	
16						
17	**Pad footings**					
18						
19	CIP concrete pad footings, 2'-0" sq. complete cost	2	LOC	500.00	1,000	allleyway
20						
21	**Slab-on-Grade**					
22						
23	Replace slab on grade, including doweling into ex. slab edge	1,388	SF	25.00	34,700	at new grade beams
24						
25	**Micropiles**					
26						
27	Micropile, 8"diam. 10' long, pressure grouted thru' case	26	EA	2,250.00	58,500	
28	Micropile, 8"diam. 20' long, pressure grouted thru' case	4	EA	4,000.00	16,000	
29						
30	**Drilled piers**					
31						
32	Drilled piers, 18" diam. 10' long	5	EA	2,500.00	12,500	
33						
34						
35	**FOUNDATIONS**				**202,243**	**$9.92 / SF**
36						
37	**BASEMENT CONSTRUCTION**					
38						
39	*No work in this section*					
40						
41	**BASEMENT CONSTRUCTION**					**$0 / SF**
42						
43	**SUPERSTRUCTURE**					
44						
45	**New CIP concrete shearwalls**	*840*	*SF*			footing to roof diaphragm level
46						Provide sleeves/block-outs for existing piping/conduit/ductwork
47	Concrete shear walls, 8" thick					
48	Concrete	20.7	CY	350.00	7,245	
49	Rebar, allow 200#/CY	4,140	LBS	1.20	4,968	typical wall rebar
50	Formwork	1,781	SF	15.00	26,715	
51	Reframe roof structure					details 1 and 3
52	Temporary shoring of roof/ceiling framing	54	LF	100.00	5,400	framing at 4'-0" oc typ.
53	Cut off ex. Roof and ceiling rafters at face of new wall - *see Demolition*					
54	Install 3x wood ledger at wall face w/ 3/4" embedded anchors. Existitng framing will be re-hung on new joist hangers attached to ledger:					
55	Roof framing, 3x10 typ.	54	LF	50.00	2,700	
56	Ceiling joists, 2x4 typ.	54	LF	30.00	1,620	

REF	DESCRIPTION	QUANTITY	UoM	UNIT RATE	TOTAL	COMMENTS
57						
58	**New steel braced frames**	*5 Locations*				
59						
60	Structural steel					
61	WF columns	12,000	LBS	3.00	36,000	
62	WF beams	3,200	LBS	3.00	9,600	
63	HSS bracing	4,750	LBS	4.00	19,000	
64	Baseplates, anchors	10	EA	750.00	7,500	
65	Wood blocking / joists at top beam	80	LF	40.00	3,200	
66						
67	**Perimeter wall steel bracing**					
68						
69	Structural steel					
70	Posts, HSS 8x8x1/2"	15,510	LBS	4.00	62,040	11 ea.
71	Posts, HSS 6x6x1/2"	21,125	LBS	4.00	84,500	20 ea.
72	Beams, HSS 6x6x1/2"	18,745	LBS	4.00	74,980	25 pieces 426LF
73	Connections, 3/4" rod w/ 5x5 bearing plate, including wall drilling. Spaced at 4'-0" oc typ.	293	EA	300.00	87,900	
74						
75	**Steel bracing at Alleyway entrance**					
76						
77	Structural steel					
78	WF column	1,958	LBS	3.00	5,874	
79	Post, HSS 6x6x1/2"	1,152	LBS	4.00	4,608	
80	HSS bracing	1,440	LBS	4.00	5,760	
81	Beams, HSS 6x6x1/2"	1,936	LBS	4.00	7,744	
82	Connections, 3/4" rod w/ 5x5 bearing plate, including wall drilling. Spaced at 4'-0" oc typ.	10	EA	300.00	3,000	
83						
84	**Steel channel collector (gridline 4)**					details 3 & 3A
85						
86	Sawcut slot in existing roof sheathing, notch existing 2x10 roof joists where necessary	*see Demolition*				
87	C8x13.7 collector, drilled/slotted for site attachments.	73	LF	110.00	8,030	
88	4x10 blocking each side of channel	54	LF	40.00	2,160	blocking in pairs
89	1/2" thick Steel anchor plate with welded studs embedded in top of new concrete wall	18	LF	120.00	2,160	
90	Welding of collector sections, including slot welding to steel plate embedded in top of concrete wall	16	HRS	150.00	2,400	Collector to be installed in several pieces and site welded to match existing roof profile
91	Firewatch for welding	24	HRS	100.00	2,400	
92	Connection to steel perimeter post - each end of collector	2	LOC	200.00	400	no specific detail
93						
94	**Steel channel collector (adjacent gridline 1)**					sim. details 3A and 4
95						
96	Sawcut slot in existing roof sheathing, notch existing 2x10 roof joists where necessary	*see Demolition*				
97	C8x13.7 collector, drilled/slotted for site attachments.	73	LF	110.00	8,030	
98	4x10 blocking each side of channel	54	LF	40.00	2,160	blocking in pairs
99	Welding of collector sections, including slot welding to steel beam at braced frame location.	16	HRS	150.00	2,400	Collector to be installed in several pieces and site welded to match existing roof profile
100	Firewatch for welding	16	HRS	100.00	1,600	assume 16 hours
101	Connection to steel perimeter post - each end of collector	2	LOC	200.00	400	no specific detail
102						
103	**Steel channel collector (adjacent gridlines A and H)**					detail 3A
104						
105	C8x13.7 collector, drilled/slotted for site attachments. Installed from inside building - no cutting of roof diaphragm.	427	LF	110.00	46,970	
106	4x10 joists each side of channel, nailed thru' channel and ply	393	LF	40.00	15,720	blocking in pairs. Sim. Detail 5
107	Welding of collector sections, including slot welding to steel beam at braced frame location.	40	HRS	150.00	6,000	Collector to be installed in several pieces and site welded to match existing roof profile
108	Firewatch for welding	48	HRS	100.00	4,800	assume 16 hours off-time/day
109	Connection to steel perimeter post - each end of collector	4	LOC	200.00	800	no specific detail

REF	DESCRIPTION	QUANTITY	UoM	UNIT RATE	TOTAL	COMMENTS
110						
111	**Steel beam collector (gridline 11)**					details 3 & 3A
112						
113	Temporary shoring of roof framing	58	LF	100.00	5,800	framing at 4'-0" oc typ.
114	WF steel collector beam (W10) , drilled for site attachments.	58	LF	110.00	6,380	
115	4x10 blocking nailed to top flange of steel beam and nailed down thru' roof sheathing. Blocking attached to ex. roof joists with Simpson A35 clips	58	LF	30.00	1,740	
116	Welding of collector sections, including welding to steel cap plate at new HSS posts	14	HRS	150.00	2,100	Collector to be installed in five pieces and site welded to match existing roof profile
117	Firewatch for welding	24	HRS	100.00	2,400	
118						
119	**New transverse plywood diaphragm wall panels**					
120						
121	*Panels occur above existing partition wall locations, between ceiling and roof framing*					detail 2, grids 5, 7 & 9
122						
123	New structural plywood shear walls - 2x4 studs at 16" o.c., w/ continuous top and bottom plates. 1/2" ply sheathing panels to one side of framing. Nailing to blocking above and below.	729	SF	20.00	14,580	
124	10x4 blocking a roof level, nailed thru' stud wall top plate and roof sheathing	243	LF	35.00	8,505	
125	4x blocking at ceiling level, nailed into ex. 8x8 wood beam	243	LF	25.00	6,075	
126						
127	**Perimeter roof anchors**					detail 4
128						
129	Perimeter anchor assembly tying roof diaphragm to perimeter structure					18 locs. at N and S walls, 6 at E.
130						
131	Fabricated steel channel/plate bracket welded to top of steel post	26	EA	600.00	15,600	
132	1/2" diam. threaded rod assemblies, 12'-0" long, in pairs installed in holes drilled in ex. rafters. Rods include nuts w/ 5x5 end plates and threaded couplers as required to permit installation.	26	SETS	860.00	22,360	
133	Install 10x wood blocking between ex. rafters and at end of threaded rods. Each block to be secured to ex. rafters w/ Simpson clips.	288	LF	40.00	11,520	
134						
135	**Upper Roof Diaphragm**					
136						
137	Diaphragm panels					
138	Install new 1/2" plywood panels over existing 1" sheathing.	14,725	SF	5.50	80,988	gross roof area
139						
140	Existing skylight structures to remain.					
141						
142	Patch roof diaphragm					
143	Install 4x10 blocking and replace roof sheathing with 1" thick blocking or plywood where removed for installation of collector channel	146	LF	25.00	3,650	grid linea 1 & 4, detail 3A
144						
145						
146	**SUPERSTRUCTURE**				**748,482**	**$36.73 / SF**
147						
148	**EXTERIOR CLOSURE**					
149						
150	**Temporary Access**					
151						
152	Remove section of existing storefront to permit access for construction equipement and materials	120	SF	25.00	3,000	assume 15'w x 8'h glazing removed
153						
154	Reinstate store front upon completion of work	120	SF	100.00	12,000	

REF	DESCRIPTION	QUANTITY	UoM	UNIT RATE	TOTAL	COMMENTS
155						
156	Minor patch/repair to paint and finishes where glazing has been reinstated	1	LS	400.00	400	
157						
158						
159	**EXTERIOR CLOSURE**				**15,400**	**$0.76 / SF**
160						
161	**ROOFING**					
162						
163	**Replace Roofing**					
164						
165	New roof finish	14,725	SF	15.00	220,875	single ply or BUR
166	*(no insulation assumed)*					
167						
168	Flashing and waterproofing					
169	Flashing, perimeter	515	LF	30.00	15,450	
170	Flashing, misc. penetrations	1	LS	4,500.00	4,500	parapet braces, roof vents etc.
171	Caulking and sealing	14,725	SF	0.25	3,681	
172						
173						
174	**ROOFING**				**244,506**	**$12 / SF**
175						
176	**INTERIOR CONSTRUCTION**					
177						
178	**Interior Partitions**					
179	*(assumes all walls are furred/finished with gypsum board)*					
180						
181	Gypboard / stud framed partitions	7,200	SF	20.00	144,000	
182						
183	Gypboard furring to new concrete shearwalls	1,900	SF	12.00	22,800	
184						
185	**Interior Doors**					
186						
187	No work required, none appear directly affected by proposed work					
188						
189						
190	**INTERIOR CONSTRUCTION**				**166,800**	**$8.18 / SF**
191						
192	**STAIRS**					
193						
194	**Wooden stair adjacent grid line 4**					
195						
196	Support / protect during installation of concrete shear wall, allowance	1	LS	5,000.00	5,000	
197						
198						
199	**STAIRS**				**5,000**	**$0.25 / SF**
200						
201	**INTERIOR FINISHES**					
202						
203	**Floor finishes**					assuming VCT
204						
205	Replace floor finishes where slab has been removed/replaced to install grade beams	1,527	SF	10.00	15,270	
206						
207	**Ceiling finishes**					
208						
209	Replace removed areas of ceiling with new painted gypboard applied directly to existing ceiling wood framing	14,780	SF	15.00	221,700	

REF	DESCRIPTION	QUANTITY	UoM	UNIT RATE	TOTAL	COMMENTS
210						
211	**Wall Finishes**					
212	*(see Interior Construction for furring / gypboard facing to new shearwalls)*					painted finish to gypboard
213						
214	Painted finish to gypboard walls	16,300	SF	1.50	24,450	
215						
216	**Misc. Interior Finish Items**					
217						
218	Caulking /sealing & firestopping, allowance	1	LS	2,000.00	2,000	
219						
220	*See Demolition for temporary protection of existing interior finishes during constructiion*					
221						
222						
223	**INTERIOR FINISHES**				**263,420**	**$12.93 / SF**
224						
225	**CONVEYING**					
226						
227	*No work in this section*					
228						
229	**CONVEYING**					**$0 / SF**
230						
231	**PLUMBING**					
232						
233	Allowance for minor removal / replacement of existing fixtures and piping if required	20,380	GSF	1.50	30,570	Selected interior areas and attic space only, roof drains
234						
235						
236	**PLUMBING**				**30,570**	**$1.5 / SF**
237						
238	**HVAC**					
239						
240	Allowance for minor removal / replacement of existing ducts and piping if required	20,380	GSF	2.50	50,950	assumes building has minimal ductwork except for kitchen areas
241						
242						
243	**HVAC**				**50,950**	**$2.5 / SF**
244						
245	**FIRE PROTECTION**					
246						
247	Building does not currently have a sprinkler system					
248						
249						
250	**FIRE PROTECTION**					**$0 / SF**
251						
252	**ELECTRICAL**					
253						
254	Remove / replace or relocate existing conduit, wiring and devices as required	20,380	HRS	2.00	40,760	Selected interior areas at new shear wall locations and attic space only
255						
256						
257	**ELECTRICAL**				**40,760**	**$2 / SF**
258						
259	**EQUIPMENT**					
260						
261	*No work in this section*					
262						
263	**EQUIPMENT**					**$0 / SF**

REF	DESCRIPTION	QUANTITY	UoM	UNIT RATE	TOTAL	COMMENTS
264						
265	**FURNISHINGS**					
266						
267	*No work in this section*					
268						
269	**FURNISHINGS**					**$0 / SF**
270						
271	**SPECIAL CONSTRUCTION**					
272						
273	*No work in this section*					
274						
275	**SPECIAL CONSTRUCTION**					**$0 / SF**
276						
277	**SELECTIVE BUILDING DEMOLITION**					
278						
279	**Soft Demolition for installation of new shearwalls**					
280						
281	Remove existing wood stud partition walls	7,200	SF	5.00	36,000	
282						
283	Remove ex. wood lath and plaster ceilings for access to roof framing	14,780	SF	5.00	73,900	assume 50% of total area
284						
285	Remove existing doors/ frames and salvage for re-use:					
286	*No work required, none appear directly affected by proposed work*					
287						
288	**New CIP concrete footings**					
289						
290	Sawcut slab on grade and remove concrete and base.	1,388	SF	20.00	27,760	
291	Excavate for new footings - *see Foundations*					
292						
293	**Roof framing**					
294						
295	Roof - remove existing roof finishes	14,725	SF	2.50	36,813	
296						
297	Sawcut slot in existing roof sheathing, notch existing 2x10 roof joists where necessary	146	LF	23.00	3,358	grid lines 1 & 4, detail 3 & 3A
298						
299	Cut off ex. Roof and ceiling rafters at face of new wall	54	LF	30.00	1,620	detail 1
300						
301	**MEP equipment**					
302						
303	Remove / reinstate ex. rooftop mechanical equipement	1	LS	10,000.00	10,000	AHU, exhust fans, packaged units etc.
304						
305	**Temporary protection**					
306						
307	Allowance for temporary protection to building interior finishes	1	LS	5,000.00	5,000	
308						
309						
310	**SELECTIVE BUILDING DEMOLITION**				**194,451**	**$9.54 / SF**
311						
312	**SITE PREPARATION**					
313						
314	**Remove paving**					
315						
316	Sawcut / remove ex. paving in alleyway for new footings	35	SF	15.00	525	
317						
318						
319	**SITE PREPARATION**				**525**	**$0.03 / SF**

REF	DESCRIPTION	QUANTITY	UoM	UNIT RATE	TOTAL	COMMENTS
320						
321	**SITE IMPROVEMENTS**					
322						
323	**Structural work in Alleyway**					
324						
325	Patch / repair AC paving at new footings	2	LOC	700.00	1,400	
326						
327						
328	**SITE IMPROVEMENTS**				**1,400**	**$0.07 / SF**
329						
330	**SITE MECHANICAL UTILITIES**					
331						
332	*No work in this section*					
333						
334	**SITE MECHANICAL UTILITIES**					**$0 / SF**
335						
336	**SITE ELECTRICAL UTILITIES**					
337						
338	*No work in this section*					
339						
340	**SITE ELECTRICAL UTILITIES**					**$0 / SF**
341						
342	**OTHER SITE CONSTRUCTION**					
343						
344	*No work in this section*					
345						
346	**OTHER SITE CONSTRUCTION**					**$0 / SF**

APPENDIX D

Preliminary Micro-Pile Adhesion Recommendations

TECHNICAL MEMORANDUM

To: Mr. Fred Daven

Date: March 8, 2017

Project No.: 13221.000.000

Project Name: Harrison Street Project
(Monarch Tower and adjacent existing structure)

Subject: **PRELIMINARY MICRO-PILE ADHESION RECOMMENDATIONS**

We understand that as a part of the Monarch Tower development, the adjacent structure at 1261 Harrison Street will undergo a foundation retrofit. As requested by your retrofit engineer, SGH Engineering, we provide ultimate grout-to-ground bond strength for micro-piles.

Micropiles will gain their support primarily from skin fiction in the alluvial soil underlying the site. The micropiles will consist of a central reinforcing element of a high strength reinforcing steel bar surrounded by cement grout. The grout can be placed by gravity only (Type A construction per FWHA-NHI-05-039) or the grout can be injected under pressure and/or the pile can be "post grouted" to increase the capacity (Types B, C, or D construction per FWHA-NHI-05-039). The bond between the grout and surrounding soil is governed by the soil type, consistency and grouting method. The upper portion of the pile may include a steel casing to increase the structural capacity. In order to allow for flexibility in the contractor's means and methods, micropiles are generally procured through a design-build process. The contractor is required to submit a detailed design and perform verification and proof tests. For preliminary planning purposes, we provide grout-to-ground bond strength (α bond ultimate strength) based on the bearing strata.

The values below are based on subsurface data obtained during our geotechnical exploration to support the design of the Harrison Street Project. These values are for planning purposes and should be verified or adjusted based on testing at the beginning and throughout production. The values below are estimated ultimate values and should be factored by appropriate factors of safety corresponding to load type.

TABLE 1: Estimated Grout-To-Ground Ultimate Bond Strength (α)

DEPTH BELOW GROUND SURFACE (FEET)	GEOLOGIC UNIT	TYPE A (PSF)	TYPE B (PSF)	TYPE C (PSF)	TYPE D (PSF)
0 to 50	Sand	2000	2500	3000	3000+
over 50	Stiff Clay	1000	1500	2000	2000+

All bond capacities should be field verified

REGISTERED PROFESSIONAL ENGINEER
TODD BRADFORD
No. 86636
CIVIL
STATE OF CALIFORNIA

Prepared By: Todd Bradford, PE

Reviewed By: Jeff Fippin, GE

TBD Consultants

Soundness Report

Appendix F

1261 Harrison Street
Oakland, CA

Soundness Report Costing

October 9, 2017

tbd consultants
111 Pine Street, Suite 1315
San Francisco, CA 94111

415.981.9430 phone (main)

www.tbdconsultants.com

Prepared for:

Lowney Architecture

360 17th Street, Suite 200
Oakland, CA 94612

510.836.5400

TABLE OF CONTENTS

BASIS OF ESTIMATE

PROJECT DESCRIPTION

The project involves an existing single story commercial building at 1261 Harrison Street in Oakland, California.

The building structure is comprised of loadbearing masonry perimeter walls, with a wood framed roof structure, with interior wood posts. The building is ten bays long x six bay wide, with a typical bay being 17'-6" wide.The perimeter walls are approximately 24'-0" high to the top of the parapet. There are no interior load bearing walls The interior of the building is subdvidied by non-load-bearing partitions to create a series of retail units.

This report considers the costs of three categories of work used to assess the feasibility of repairing the buiilding within the parameters of a 'Soundness Report'. The categories are as follows:

Replacement Cost

Primary Upgrades (50% Upgrade Cost)

Secondary Upgrades (75% Upgrade Cost)

The costs indicated are as defined in the City of Oakland Soundness Report Requirements and do not necessarily represent the full scope and cost of repairs and upgrades that might be required to bring the building to a fully restored state.

REFERENCE DOCUMENTATION

Documents:

Page & Turnbull restoration drawings	(6 sheets)
MEP zone plans	(2 sheets)
MEP narrative	(13 pages)
BBA, Inc. Haz-Mat report (dated Dec. 21, 2016)	(85 pages)
SGH Structural report (dated April 4, 2017)	(69 pages)
Fire & Life Safety report (dated April 18, 2017)	(70 pages)
Soundness report extract	(2 pages)

MEETINGS / DISCUSSIONS

E-mail / phone discussions with Lowney Architecture staff and Page & Turnbull.

BASIS OF ESTIMATE

KEY BUILDING CRITERIA

Gross Floor Area:		
First floor	14,780	
Mezzanine	5,600	
Total floor area	**20,380**	**GSF**
Perimeter:	515	LF
No. of Storys:	One, w/ mezzanines	
Height:	Approx. 24'-0" to top of parapet	

BASIS FOR PRICING

Subcontractor's markups have been included in each line item unit price. Markups cover the cost of field overhead, home office overhead and subcontractor's profit. Subcontractor's markups typically range from 15% to 25% of the unit price depending on market conditions.

General Contractor's/Construction Manager's Site Requirement costs are calculated on a percentage basis. General Contractor's/Construction Manager's Jobsite Management costs are also calculated on a percentage

General Contractor's/Construction Manager's overhead and fees are based on a percentage of the total direct costs plus general conditions, and covers the contractor's bond, insurance, site office overheads and profit.

Unless identified otherwise, the cost of such items as overtime, shift premiums and construction phasing are not included in the line item unit price.

This cost estimate is based on standard industry practice, professional experience and knowledge of the local construction market costs. TBD Consultants have no control over the material and labor costs, contractors methods of establishing prices or the market and bidding conditions at the time of bid. Therefore TBD Consultants do not guarantee that the bids received will not vary from this cost estimate.

CONTINGENCY

Construction Contingency ***N/A*** (to be carried elsewhere in Owner's Budget)

The Construction Contingency is carried to cover the unforeseen during construction execution and Risks that do not currently have mitigation plans. As Risks are mitigated, Construction Contingency can be reduced, but should not be eliminated.

A Market Conditions Factor has not been included to reflect the current bidding climate where we should expect multiple bids for each trade. An owners contingency has not been included in this construction cost estimate, but it is advised that the owner carry additional contingency to cover scope change, claims and delays.

CONSTRUCTION DURATION

A preliminary duration of 12 months for construction has been assumed.

ESCALATION

Escalation has been **excluded** from the estimate. All costs represent "Today's Dollars".

EXCLUSIONS

- Land acquisition, feasibility, and financing costs.
- All Owner soft costs.
- All professional fees and insurance.
- Site or existing condition survey investigation costs.
- Overtime, 2nd shift and lost productivity premiums - except where specifically identified.
- Construction or occupancy phasing (current assumption is a single construction phase in a vacant building).
- Owners Construction Contingency for scope changes and market conditions at time of bid.

ITEMS THAT MAY AFFECT THIS ESTIMATE

Such items include, but are not limited to the following:

Modifications to the scope of work subsequent to the preparation of this estimate
Unforeseen existing conditions
Compression of planned construction schedule
Special requirements for site access, off-hour work or phasing activities
Restrictive technical specifications, excessive contract or non-competitive bid conditions
Sole source specifications for materials, products or equipment
Bid approvals delayed beyond the anticipated project schedule

KEY CRITERIA

AREA TABULATION

BUILDING Gross Floor Areas (GFA)

Location	AREA	Height (flr-flr)	Comment
First Floor	14,780	22.00	approx. 21'-4" to ceiling
Mezzanine	5,600		
TOTAL SF	**20,380 SF**	**25'-0" LF to parapet**	Areas are approximate

OVERALL SUMMARY

Gross Square Feet: 20,380

SECTION	$	$ / SF	TOTAL $	COMMENTS
TOTAL REPLACEMENT COST				
REPLACEMENT COST	3,384,294	166.06		
TOTAL REPLACEMENT COST			**3,384,294**	
TOTAL PRIMARY UPGRADES				
Full Value	1,684,127	82.64		
50% Value			**842,064**	
TOTAL SECONDARY UPGRADES				
Full Value	1,393,542	68.38		
75% Value			**1,045,157**	
PRIMARY UPGRADES (50%) + SECONDARY UPGRADES (75%)			**1,887,221**	

Soundness Report Costing **GSF :** 20,380

REF	DESCRIPTION	QUANTITY	UoM	UNIT RATE	TOTAL	COMMENTS
1	**REPLACEMENT COST**					
2						
3						
4	M - Market (Retail Sales) Type III construction	20,380	GSF	137.49	**2,802,046**	*from City of Oakland Valuation*
5						*Guide, effective Jan. 1, 2017*
6						
7	**SUBTOTAL - DIRECT CONSTRUCTION COST**				**2,802,046**	
8						
9	Permit Fees				66,000	
10	Contractor's OH&P (not to exceed 18%)			18%	516,248	
11						
12						
13	**TOTAL REPLACEMENT COST**				**3,384,294**	**$166.06 / SF**
1	**PRIMARY UPGRADES**					
2						
3						
4	**Building Permit Application**					
5						
6	2.6% of 75% of Construction Valuation	0.0195	LS	3,384,294	65,994	
7						
8						
9	**Provision of Garbage storage / removal facilities**					assume 50SF/unit, ten units existing
10						
11	Dumpster enclosure consisting of CIP concrete slab on grade, CMU walls (assume 8'-0") and steel gates	500	SF	114.00	57,000	
12						
13						
14	**Upgrading of Existing Alley-facing Doors & Windows to 1-hour rated**					
15						
16	Replace Doors w/ 1-hour rated assemblies	9	PR	10,800.00	97,200	new doors, frame, fire caulk/seal
17	Replace windows w/ 1-hour rated assemblies	18	EA	5,400.00	97,200	new window, frame, fire caulk/seal
18	Fire sprinklers - deluge sprinklers at alley windows	18	EA	600.00	10,800	
19						
20						
21	**Upgrading of electrical wiring not conforming to regulation in effect at the time of installation**					
22						
23	New main service incoming from Street	1	EA	36,000.00	36,000	
24	Allowance based on gross building area for upgrading wiring, panel boards, user convenience outlets and lighting systems. (existing sub-divided electrical not code-compliant at time of instalation)	20,380	GSF	26.40	538,032	existing conditions are not code compliant
25						
26						
27	**Upgrading of plumbing and drainage not conforming to regulation in effect at the time of installation**					check description
28						
29	Provide Unisex toilet rooms at all Units	10	EA	36,000.00	360,000	
30						
31	Survey / replace sewer laterals out to street sanitary sewer, including trenching and backfill	10	EA	12,000.00	120,000	
32	Replace paving and interior floor slab	10	LOC	4,500.00	45,000	
33						
34						
35	SUBTOTAL - DIRECT CONSTRUCTION COST				1,427,226	
36						
37	Contractor's OH&P (not to exceed 18%)	18%			256,901	includes insurance/bonding
38						
39	**TOTAL PRIMARY UPGRADES**				**1,684,127**	**$82.64 / SF**

Soundness Report Costing **GSF :** 20,380

REF	DESCRIPTION	QUANTITY	UoM	UNIT RATE	TOTAL	COMMENTS
1	**SECONDARY UPGRADES**					
2						
3						
4	**Repair of fire resistive construction and fire protection systems required at time of construction, inlcuding plaster and sheetrock where fire separation is required and smoke detectors, fire sprinklers and fire alarms where required**					
5						
6	Repair fire-resistive partition wall construction between units	16,215	SF	2.10	34,052	allowance based on demising wall area
7	Fire sprinklers - wet system, complete	20,380	GSF	8.40	171,192	no fire pump assumed
8	Fire sprinklers - deluge sprinklers at alley windows - *see upgrading alley doors/ windows to fire-rated above*					
9	Fire alarm system / smoke detectors	20,380	GSF	4.80	97,824	
10	New incoming Water service from street water main	10	EA	9,600.00	96,000	
11						
12						
13	**Repair ventilation equipment, including bathroom fans, where operable windows are not provided, if not working**					
14						
15	Bathroom ventilation fans and associated ductwork/roof penetrations	15	EA	3,600.00	54,000	
16	Kitchen / cooking area ventilation fans and associated ductwork/roof penetrations	5	EA	5,400.00	27,000	
17	New incoming Gas service form street gas main	10	EA	12,000.00	120,000	
18	Replace building water / hot water system	20,380	GSF	7.20	146,736	
19						
20						
21	**Eliminate structural hazards in ceilings, roofs, and other horizontal members due to deterioration**					
22						
23	Remove / replace existing ceilings to access above-ceiling areas for removal of hazards or bracing of existing utilities	20,380	SF	12.00	244,560	
24						
25						
26	**Repair proper weather protection, including exterior coverings such as paint and roof coverings, and windows and doors due to lack of maintenance**					
27						
28	Exterior wall repair	9,000	SF	24.00	216,000	approx. area of walls affected
29	Window repairs	1	LS	161,112.00	161,112	59 windows total
30	Door repairs	1	LS	34,200.00	34,200	22 doors total
31	Roof coverings	14,780	SF	12.00	177,360	allowance for selective repair
32						
33						
34	SUBTOTAL - DIRECT CONSTRUCTION COST				1,180,968	
35						
36	Contractor's OH&P (not to exceed 18%)	18%			212,574	includes insurance/bonding
37						
38	**TOTAL SECONDARY UPGRADES**				**1,393,542**	**$68.38 / SF**

CEF Realty

Public Benefits

Appendix G

Brad Flewellen
8-1-2017

Public Benefit Demo Findings: (DRAFT)

I. Civic, Community, & Neighborhood Identity

The existing building located at 1261 Harrison Street is a single-story and mezzanine commercial property situated on a corner lot with ten retail units for lease. The property is currently occupied by six small business operators – the remaining four units are vacant and have been for an extended period. The businesses generate very little foot traffic and low sales. The building façade and alleyway are covered in graffiti with the roof and interior spaces (including the building systems) showing obvious signs of deferred maintenance presenting safety concerns for existing tenants. More concerning is, that based upon a third-party inspection, the current building structure was observed to have several building and fire, life safety code violations, primarily due to undocumented makeshift tenant improvements allowed by prior ownership. Additionally, two tenants having been cited by the City for illegal operations with one having been evicted and the other currently in the process of eviction. All tenant operations end at or around 5 pm, therefore, at night, the block is not active and dimly lit. The proposed project will bring new residents, employees, and businesses into the local neighborhood bringing the energy and activity needed to create a vibrant commercial block.

The project team recognizes and supports the preservation of the neighborhood identity. The proposed building will not only contribute over $1,000,000 to the City Art Program, but also make best efforts to include local artisan works and historic plaques and references to the King block through the project. More specifically, the project team plans to conduct a competition for local artists to contribute prominent artwork incorporated in the building program such as the entrance to the alleyway – a feature linking the project aesthetics to the Asian American culture. Additionally, façade improvements will enhance the curb appeal of the entire block, while streetscape and lighting improvements will both add to the pedestrian and bike experience, public safety, and traffic calming measures. In fact, the project sponsor is not only willing to allocate funds above and beyond the Art Program contribution to concentrate on façade renovations for remaining buildings on the King Block, but also complete the work as a part of the proposed development to further address EIR mitigations.

The vision of the project also coincides with what the Lake Merritt Station Area Plan had envisioned for Upper Chinatown; to preserve the area as one of the last of its kind in Northern California and the Bay Area, as well as enhance the experience of Chinatown by expanding its footprint and growing activities like the Annual Oakland Chinatown Street-Fest. The proposed program will also benefit local businesses by incorporating office and residential components that will attract patrons for surrounding local restaurant/ food service and small retailers. Moreover, activating the alleyway will benefit the neighborhood by adding creative open space to help clean up the area - another key objective noted in the Lake Merritt specific plan. The proposed program will also offer community space to address the lack of affordable rental options for non-profits and community serving uses. Additionally, the sponsor plans to implement a relocation and retention program for existing tenants to help preserve the cultural identity of the neighborhood.

Charles H. King, for whom the block is named, and family came to California to stake a claim in the West as so many others had done during the late 1800s and the turn of the century[1]. The King block

[1] Source: State of California – Historic Resources Inventory; King Block DPR 523

was developed to create a business center and to provide a destination for commerce, entertainment, and a place to grow an enterprise. Once again, this significant block can act as the stimulus to the renaissance of the center of Downtown and Chinatown.

II. The Economy – Including Tourism, Local Commercial, Post Construction Jobs

The existing building is situated within the historic "King Block" – a designated area of importance (API) identified in the specific plan. The property makes up less than 25% of the API and is located behind the King building (304 12th Street). Currently, the building does not attract any tourism traffic. However, there is the potential for the proposed development to increase tourism via the activation and programming of alleyway, including restaurant and retail with outdoor seating offering phenomenal views of the Tribune Tower, like Belden Place in San Francisco.

The project is uniquely positioned in Upper Chinatown and is positioned in a transit centric location to enable itself as a potential tourist destination for anyone visiting the Bay Area. The project meets the "trifecta" of development – retail/office/and for sale residential, all in one iconic structure. This mixed-use program will help serve many needs of the existing community and future visitors who come to experience the bustling open-air vendors and other activities convenient for local shoppers, foodies, and tourists looking for a true local gem which is Chinatown. With its proximity to Downtown Oakland, the Oakland Museum, Oakland Convention Center, and Lake Merritt which, the neighborhood is conveniently accessible by multiple modes of public transportation, thus making it a suitable place for future generations to experience.

The proposed project is projected to add hundreds of jobs to the Oakland economy not only during construction, but also permanent employment. Regarding the construction jobs, the sponsor intends to coordinate with local unions and construction training programs, such as the Construction Resource Center and Mandela Training Center, to achieve community and local hire objectives for apprentices, laborers, local and small local business enterprises, as well as engage on-the-job training (OJT) and internship opportunities exposing candidates to project management and other non-construction support activities. Additionally, the project will generate longer term non-construction employment opportunities by attracting businesses and retailers to occupy the available space once completed.

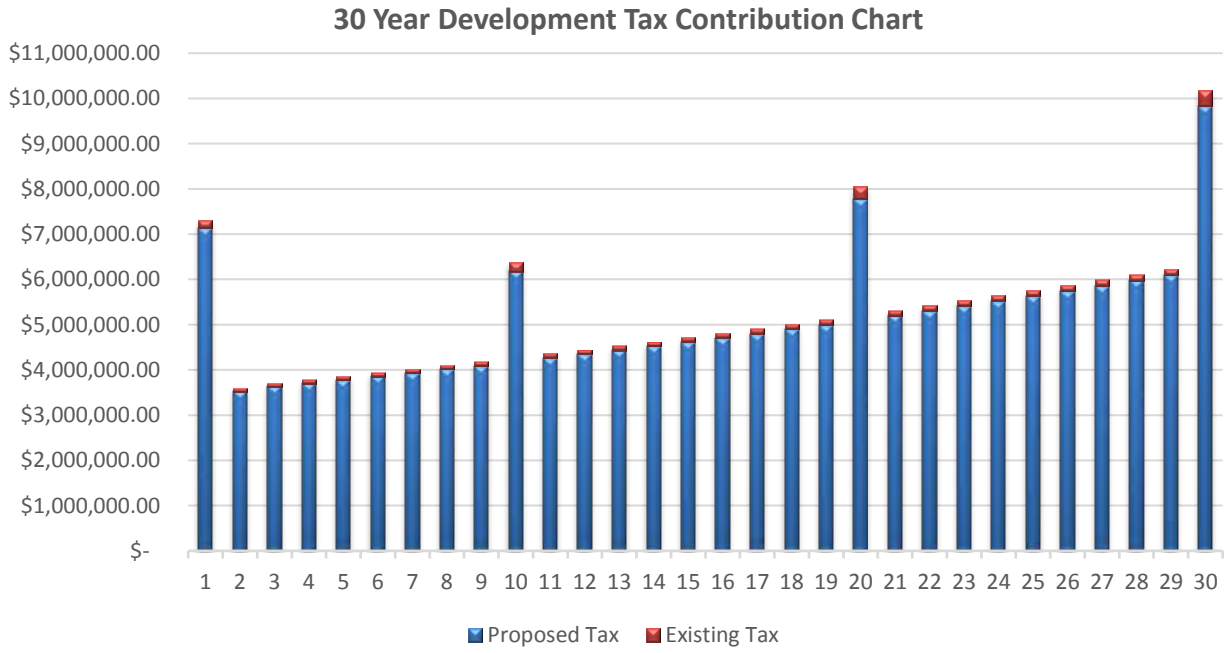
Regarding the current economics, the property is 40% vacant with existing rents that are well below market (average $0.94 PSF – see Exhibit 1). More importantly, it is economically infeasible to bring the property condition to current building code and safety standards. In fact, based on third-party reports, the total cost to address any deferred maintenance, structural, and safety items, noted by independent building and fire inspections, exceeds $7,400,000 – which results in a negative -67% investment return after consideration of land, fees, and loss of rents. In other words, any investor buying the existing building and restoring its condition to current building and safety standards would lose approximately $8,000,000 assuming the renovated units were leased at today's market rent of $3 PSF and conservative 7.0% market capitalization rate – hence the infeasibility of any restoration project (see Exhibit 2).

III. Services provided to the community

The existing building currently generates $42,394 in annual tax revenue[2]. The chart provided below demonstrates the estimated annual public revenue to the City of Oakland over the building life (30-years) generated by development, including estimated property tax, transfer tax, and business tax resulting from the office, retail, and residential uses proposed in the project.

Most of this revenue flows to the City's General Purpose Fund—Oakland's primary source for funding government services across most departments. The General-Purpose Fund consists of discretionary revenue allocated by the City Council and the Mayor through priorities established in the budget process. In fact, it is estimated that the project will generate on average over $5,000,000 in annual tax revenue to the City to help bolster the General Fund. The present value of the total benefit to the City over the 30-year period is estimated more than $69,000,000 (see Exhibits 4 – 6).

Since the project will offer for-sale condominiums, included in the annual tax estimates are transfer tax revenues received upon the sale of each unit. The project is estimated to sell out in less than 12-months and will therefore generate over $3,600,000 in transfer taxes during year one. Likewise, any subsequent sales of the units will generate future transfer and recordation taxes.



Other services to the community include the addition of below market rate (BMR) units offering affordable home ownership options for families earning less than 50% of the area median income (AMI). The proposed project will seek to achieve 15% on-site affordable housing units. Equally important, the project unit mix for the affordable units will include much needed family size three-bedroom units. Additionally, based on the projected increase in retailers and businesses the project will generate, the area could justify the creation of a business improvement district to support the sustainability and vibrancy of Upper Chinatown.

[2] https://www.acgov.org/ptax_pub_app/RealSearchInit.do?searchByParcel=true&parcelNumber=2-63-2

IV. Fulfilling the Intent of the General Plan

The proposed project meets the overall vision, goals, policies, and objectives established in the Lake Merritt Specific Plan. Given its proximity to BART, the project qualifies as a Transit Oriented Development which directly addresses the primary objective of the Use & Transportation Elements of the General Plan. The project meets BART's objective of creating a "regional center" to increased ridership with access to two near-by stations (Lake Merritt and 12th Street City Center). Additionally, the proposed program meets intent of both the land use policies for Upper Chinatown District, and the area land use character designation of "pedestrian transition district" (i.e. promoting housing/commercial, and ground floor storefront uses). The program not only emphasizes the ground floor retail use, but also greatly contributes to the City's projection of adding 1.2 million square feet of office space in 25 years. Other General Plan policy objectives met by the project include adding activity, vibrancy, connectivity, improved safety and pedestrian-orientation, accommodate future population, increase jobs, and additional outdoor space.

Finally, the future addition of AC Transit's regional expansion of commuter friendly intercity Bus Rapid Transit (BRT) with routes stopping at the "Tea Cups" Harrison/Webster/Chinatown Curb Site Stations, providing high-capacity, frequent transit service between Chinatown and San Leandro. This service will improve commerce to this neighborhood center. Along with BART stations at either end of the corridor, the parking demand will be reduced and would allow more patrons at street level to shop and attend activities in Chinatown, again adding viability and economic sustainability long term for this segment of downtown.

In addition to the many land use and community resource goals and policies outlined in the specific plan, the project also meets several economic objectives. The table below provides a summary of the economic objectives identified in the specific plan met by the proposed program:

Lake Merritt Station Area Plan (LMSAP) – Section 8.1 Economic Development Objectives

LMSAP Objectives	Proposed Project Development Plans
Actively highlight and enhance the economic asset of Oakland Chinatown	Events & Festivals • Activate the alley to serve as a focal point for future community events and festivals. Marketing and Branding • The ground floor and alley will serve as a unique destination for dining and shopping. • Work with Chinatown Chamber & City to promote the improved area to attract visitors. Rename Public Spaces • The alley will be renamed to reflect the historical nature of the neighborhood &/or King Block.
Strengthen crime prevention efforts and improve public safety.	Lighting • New pedestrian lighting along 13th Street, Harrison and Webster Streets, & alley. The Role of New Development in Enhancing Safety • The proposed development is a true mixed-use project allowing for a live-work community. • The mix of residential, office, and retail components will activate this area morning to evening. • The ground floor will encompass restaurants, shopping, and community space to create a vibrant atmosphere for the community. Building and Landscape Design • The ground floor will promote community and retail uses facing the street on Webster, 13th, and Harrison, and alley. • The project will include both public and private spaces.
Improve quality of life to attract a diverse population to live in the planning area.	Land Use and Zoning • The project consists of high density housing with both market rate and affordable components. There will be a comprehensive unit mix of studios, one-bedroom, two-bedroom, and three-bedroom units to attract a diverse tenant profile.

	• A mix of commercial uses consisting of ground floor retail, office space, and open public space will create the framework for a live-work community. • The project is a transit oriented development with close proximity to the 12th Street and Lake Merritt BART stations. Incentives Program and Housing Development • The project will include much needed office and affordable housing components in exchange for additional height and density bonuses. School Partnerships • The project manager will work with the Envision Academy of Arts and Technology to develop internships for students. • The project manager will create an education demonstration and dedicate a day to tour the project with students from Lincoln Elementary.
Actively engage with multicultural communities in business and employment development.	Business Improvement District • The projected increase in retailers and businesses the project will generate could justify the creation of a business improvement district (BID) to support the sustainability and vibrancy of Upper Chinatown. Multicultural Community Engagement • The project team plans to conduct a competition for local artists to contribute prominent artwork incorporated in the building program such as the "Moongate" entrance to the alleyway – a feature linking the project aesthetics to the Asian American culture.
Improve the Planning Area's visual image.	Streetscapes, Parks, and Design Guidelines • Streetscapes will be enhanced with trees, new sidewalks, and lighting along Webster Street, Harrison Street, and 13th Street. • The alley will be activated to include new shopping and restaurants. Facade Improvements • The project will maintain and restore the historical facades which will serve as the base of the development. • Contribute to a facade improvement program to help improve other commercial properties within the remainder of the King Block. Maintenance • An association will be developed for the project and part of the CC&R's will incorporate a fee to maintain the property, streetscapes and alley.
Support business development and job creation.	Small Business Development Programs • The sponsor intends to coordinate with local construction training programs to achieve community and local hire objectives for apprentices, laborers, local and small local business enterprises, as well as engage on-the-job training (OJT)Local Hiring, Job Training and Placement. • The general contractor will employee local laborers and unions to build the project.

V. Housing Opportunities

The existing project has no housing. The proposed project will create 176 units of much needed for sale housing. Equally important, the project will seek to achieve 15% affordable housing units offering for-sale options to individuals and families earning less than 50% of the area median income (AMI). Equally important, the project unit mix for the affordable units will include much needed family size three-bedroom units.

VI. Cultural Heritage and Image of the City & Local Neighborhood

The proposed project will add value to the immediate community by improving the block with added infrastructure, streetscape improvements, landscaping, and lighting. Additionally, the project meets the primary goals established by the Lake Merritt Specific Plan of adding business, jobs, housing, and preserving community assets and cultural activities, which we plan to achieve by incorporating neighborhood serving non-profit space into the building program.

The building is located on the "King block" – an area of importance designated by the City of Oakland. The property is listed on the historic register as a Class "C" property of secondary importance.

VII. Educational Opportunities & Cultural Benefits Regarding Architectural & Local History

The proposed project will seek to preserve the historic fabric of the building and community by incorporating existing architectural elements and plaques to increase the public's understanding of the area's historic significance.

The educational opportunities regarding local history and cultural benefits of the proposed project are a significant component to the development plan. The King Block maintains a rich history lost by the present use that the project will revive. For example, the King block was developed by the King family between 1904 and 1922, led by visionary Charles H. King – wheat and lumber baron, and real estate developer who arrived in Oakland in 1884. In 1897, following the sale of his 30,000-acre wheat farm, he invested his money into the development of Oakland real estate by purchasing the whole King block sometime between mid-1903 and mid-1904 from A.C. Dietz – owner and operator of the Dietz theater (located on the corner of 12th and Webster), Oakland's first theater and the original lecture hall of the University of California. In 1908 he formed the King Estate Company to develop and manage the family's real estate holdings[3].

The King Block is an early example in Oakland of a modern Chicago- influenced commercial block and show the influence of early sky-scrapers. Like the vision carried out by the King family, the proposed project will not only create an important addition to the Oakland skyline, but also bring attention to the early pioneers who helped shape our City.

Regarding project specific educational opportunities, the sponsor intends to coordinate with local unions and construction training programs, such as the Construction Resource Center and Mandela Training Center, to achieve community and local hire objectives for apprentices, as well as engage on-the-job training (OJT) and internships.

[3] Source: State of California – Historic Resources Inventory; King Block DPR 523

EXHIBIT -1: Property Rent Roll:

1261 Harrison Street

	Unit Address	Tenant Name	Unit Size - Ground	Unit Size - Mezz	Total Unit Size	Mon Rent	Rent/ SF
1	1261 Harrison Street	Buddhist Temple	1,092	886	1,978	$ 1,900.00	$ 0.96
2	1269 Harrison Street	Flower Shop	1,150	0	1,150	$ 1,100.00	$ 0.96
3	301 13th Street	Smiling South	1,717	387	2,104	$ 3,000.00	$ 1.43
4	315 13th Street	Association	1,284	914	2,198	$ 1,700.00	$ 0.77
5	317 13th Street	Bakery	1,295	340	1,635	$ 2,750.00	$ 1.68
6	319 13th Street	Retail	1,330	872	2,202	$ 1,900.00	$ 0.86
7	323 13th Street	Salon	1,325	485	1,810	$ 1,900.00	$ 1.05
8	325 13th Street	Spa	1,300	580	1,880	$ 2,000.00	$ 1.06
9	329 13th Street	Vacant	1,435	0	1,435	$ -	$ -
10	333 13th Street	Spa	1,462	1,070	2,532	$ 1,600.00	$ 0.63
			13,390	5,534	18,924	**$ 17,850.00**	**$ 0.94**

EXHIBIT -2: Rehab Proforma:

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rate ft²**	**Unit Amount**	**Rent at Lease Start**	**Rent At Sale**
Retail Suites	1	15,097	$36.00	$543,492	543,492	543,492
Investment Valuation						
Retail Suites						
- 10.000% vac. / non recov. cost						
Market Rent	489,143	Cap Rate	7.0000%	6,987,754		
TOTAL PROJECT REVENUE				**6,987,754**		
OUTLAY						
ACQUISITION COSTS						
Fixed Price			5,900,000			
				5,900,000		
CONSTRUCTION COSTS						
Construction		**ft²**	**Rate ft²**	**Cost**		
Retail Suites						
- Retail Renovation			7,415,000			
				7,415,000		
Developers Contingency		8.00%	601,280			
Insurances			16,000			
Loss of Rents			374,874			
Statutory/Municipal			85,000			
				1,077,154		
Additional Costs						
Dev. Management Fee		5.00%	405,864			
				405,864		
TOTAL COSTS				**14,798,018**		
PROFIT						
Balancing Account			(7,810,264)			
				(7,810,264)		
Performance Measures						
Profit on Cost%		(52.78)%				
Profit on GDV%		(111.77)%				
Profit on NDV%		(111.77)%				
Development Yield% (on Rent)		3.31%				

EXHIBIT -4: Projected Transfer Tax Detail:

	Residential	Office	Retail	Total
City Transfer Tax	$2,164,252.50	$1,425,000.00	$105,000.00	**$3,694,252.50**

City Transfer Tax Benefit - 30 Year Projection

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Proposed	$3,694,252.50	$0.00	$45,921.11	$47,298.74	$48,717.71	$50,179.24
Retail	$105,000.00					
Office	$1,425,000.00					
Residential	$2,164,252.50		$45,921.11	$47,298.74	$48,717.71	$50,179.24
Existing	$88,500.00					

	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Proposed	$51,684.61	$53,235.15	$54,832.21	$2,052,780.14	$58,171.49	$59,916.63
Retail				$137,001.18		
Office				$1,859,301.79		
Residential	$51,684.61	$53,235.15	$54,832.21	$56,477.17	$58,171.49	$59,916.63
Existing				$115,472.43		

	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
Proposed	$61,714.13	$63,565.56	$65,472.52	$67,436.70	$69,459.80	$71,543.59
Retail						
Office						
Residential	$61,714.13	$63,565.56	$65,472.52	$67,436.70	$69,459.80	$71,543.59
Existing						

	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24
Proposed	$73,689.90	$2,758,764.86	$78,177.62	$80,522.94	$82,938.63	$85,426.79
Retail		$184,118.14				
Office		$2,498,746.13				
Residential	$73,689.90	$75,900.60	$78,177.62	$80,522.94	$82,938.63	$85,426.79
Existing		$155,185.29				

	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Proposed	$87,989.59	$90,629.28	$93,348.16	$96,148.61	$99,033.06	$3,707,549.28
Retail						$247,439.38
Office						$3,358,105.85
Residential	$87,989.59	$90,629.28	$93,348.16	$96,148.61	$99,033.06	$102,004.06
Existing						$208,556.05

	Proposed	Existing
30 Year Total Property Tax Benefit	$13,950,400.55	$567,713.76
Net Present Value of CF	$7,120,381.64	$488,140.58

EXHIBIT -5: Projected Property Tax Detail[4]:

	Tax Rate (%)	Residential	Office	Retail	Total
Alameda County	1.0000%	$1,442,835.00	$950,000.00	$70,000.00	$2,462,835.00
Oakland Unified School District	0.1151%	$166,070.31	$109,345.00	$8,057.00	$283,472.31
Peralta Community College District	0.0256%	$36,936.58	$24,320.00	$1,792.00	$63,048.58
Bay Area Rapid Transit	0.0080%	$11,542.68	$7,600.00	$560.00	$19,702.68
East Bay Regional Park 1	0.0032%	$4,617.07	$3,040.00	$224.00	$7,881.07
East Bay Municipal Utility District (Distric	0.0028%	$4,039.94	$2,660.00	$196.00	$6,895.94
City of Oakland 1	0.1961%	$282,939.94	$186,295.00	$13,727.00	$482,961.94
Total	**1.3508%**	**$1,948,981.52**	**$1,283,260.00**	**$94,556.00**	**$3,326,797.52**

Property Tax Benefit - 30 Year Projection

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Proposed	$3,326,797.52	$3,393,333.47	$3,461,200.14	$3,530,424.14	$3,601,032.62	$3,673,053.28
Existing	$79,697.20	$81,291.14	$82,916.97	$84,575.31	$86,266.81	$87,992.15

	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Proposed	$3,746,514.34	$3,821,444.63	$3,897,873.52	$3,975,830.99	$4,055,347.61	$4,136,454.56
Existing	$89,751.99	$91,547.03	$93,377.97	$95,245.53	$97,150.44	$99,093.45

	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18
Proposed	$4,219,183.65	$4,303,567.33	$4,389,638.67	$4,477,431.45	$4,566,980.08	$4,658,319.68
Existing	$101,075.32	$103,096.83	$105,158.76	$107,261.94	$109,407.18	$111,595.32

	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24
Proposed	$4,751,486.07	$4,846,515.79	$4,943,446.11	$5,042,315.03	$5,143,161.33	$5,246,024.56
Existing	$113,827.23	$116,103.77	$118,425.85	$120,794.36	$123,210.25	$125,674.46

	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Proposed	$5,350,945.05	$5,457,963.95	$5,567,123.23	$5,678,465.69	$5,792,035.01	$5,907,875.71
Existing	$128,187.95	$130,751.70	$133,366.74	$136,034.07	$138,754.75	$141,529.85

	Proposed	Existing
30 Year Total Property Tax Benefit	$134,961,785.21	$3,233,162.32
Net Present Value of CF	$60,506,000.41	$1,449,489.72

[4] Tax Rates based on the percentages included in the "Tax-Rate Breakdown" section of an Alameda County Property Tax bill

EXHIBIT -6: Projected Tax Assumptions:

Project Economics:	Existing	Proposed
Retail Value	$ 5,900,000	$ 7,000,000
Office Value	$ -	$ 95,000,000
Residential Value	$ -	$ 144,283,500
Retail Annual Sales	$ 3,000,000	$ 4,000,000
Office Annual Sales	$ -	$ 63,117,000

Project Program Summary:	
Retail (NRA)	8,000 SF
No. of Retail Units	10
Office (NRA)	126,234 SF
No. of Office Units	8
Residential (NRA)	169,840 SF
No. of Units	176

Property Tax	
Property Tax Rate	1.3508%
Annual Property Tax Increase	2.0000%
Discount Rate	5.5000%

City Transfer Tax		
City Transfer Tax Rate	1.5000%	
Discount Rate	5.5000%	
Retail Value	3.0000%	per year
Resale	10	years
Office Value	3.0000%	per year
Resale	10	years
Residential Value	3.0000%	per year
Resale	2.0000%	per year (Starting Year 3)

Business Tax - Retail	
Business Tax Rate	0.1200%
Retail Annual Sales	$4,000,000.00
Total Retail Tax (Annual)	$ 4,800
Total Square Footage	8,000 SF
Sales/SF (Annual)	$500.00 PSF

Business Tax - Commercial	
Business Tax Rate	0.1800%
Office Annual Sales	$63,117,000.00
Total Retail Tax (Annual)	$ 113,611
Total Square Footage	126,234 SF
Sales/SF (Annual)	$500.00 PSF

Preservation Architecture

Impact Analysis:
Area of Primary Importance

Appendix H

PRESERVATION
ARCHITECTURE

October 16, 2017

1261 Harrison Street, Oakland
Demo Finding Considerations

At the request of project sponsors and their team, the following provides further and more detailed considerations re: City of Oakland demo findings (specifically, category II, finding 5.6) based on some additional evaluation of a potential district (the City of Oakland's *King Building Group* Area of Primary Importance) and relative to a proposed project, which will remove and replace one of the identified, contributing resources therein.

Very basically, proportionately, the loss of 1 of 6 resources (5 buildings and an alleyway) and 1 of 5 built resources associated with the identified, potential historic district would not result in the loss of that district's potential. Proportionately, the loss of 1 of 6 identified resources would leave some 80% of the potential district intact. Logically, any proportional retention greater than 50% would arguably retain the majority of a potential district.

The subject building is, per Oakland's historic resource rating system, a C-rated resource, as are 2 others of the 6 total resources, including the alleyway. There are otherwise 2 B-rated and 1 A-rated resources within this potential district. The proposed removal is of a lower-rated resource. Removal of 1 C-rated resource would yet leave 2 C-rated, 2 B-rated and 1 A-rated resources in place.

Further, empirically, from the opposite corner of the subject block (at 12th and Webster - fig.1), each of the other resources are visible today and would remain visible and without any visible change following removal of the 1 building. From that perspective, an entire potential and contiguous district is and would remain fully visible. And from the other 2 corners (figs.2-3), the bulk of the potential district would remain. Also from those other 2 perspectives, the minor character of the subject building is evident. In fact, from the corner of 13th and Webster (fig.2), the subject building is barely evident. Simply, each of the 3 other corners of this block present views of buildings of greater and far greater urban and architectural interest and substance.

Architecturally, the subject building is the most minor of the 5 built resources. Only 1 other is 1-story – the center building on 12th Street – yet which has far more substantial architectural treatment at its façade.

From a reuse perspective, the subject building is not reusable in any redevelopment scenario. Rather, relative to redevelopment, the question of reuse is limited to the facades. The facades of the subject building are architecturally minor. Their interest is in their arcaded form. Materially, they consist of lean glazed face-brickwork with few and, again, lean architectural features, plus a number of wood windows in the arched transoms. Each of the other 4 facades are relatively robust, not only relatively larger to very large in scale but with a wide range of distinctive architectural features in evidence.

If the structure of the subject façade is masonry construction, then it would not be feasible to retain and temporarily stabilize it for reuse on new construction. (Yet understanding that if the facades are steel-framed, then their isolation and retention may be potentially feasible.)

It is also understood (and understandable) that the urban and architectural intent of the proposed project is of a modern and large-scale development. Even if it was feasible to retain, temporarily stabilize and restore these 1-story facades, their reuse or reconstruction on a contemporary and large-scale building is a highly unlikely architectural conception.

On the other hand, one aspect of the existing building that is potentially unique is the portal at the alleyway, which has another unique portal at its west end. If there is an interest in retaining an

446 17th Street #302 Oakland 94612
510 418 0285 mhulbert@earthlink.net

aspect of the subject building, then the reconstruction of that masonry portal could be a unique and meaningful measure (fig.5).

Per the record (King Block Historic Resources Inventory; Jan.31, 1985; p2), the stated bases for the identification of potential significance of the King Building Group are:

- "The five buildings and alley that comprise the King Block…constitute the principal surviving Oakland structures associated with…Charles H. King" and;
- "The group provides a good[,] somewhat unusual example of an early 20th century downtown development project that was carried out in phases."

Relative to which, the loss of 1 of the 5 buildings would cause a minimal change to the first of the statements of potential significance – rather than 5 buildings, it would read 4 buildings. Otherwise, the statements of potential significance would be unaffected.

Lastly, despite having been penciled out more than 30 years ago, this potential district has not manifest in any way nor has it been collectively addressed or improved. Thus, at present, there is no actual district here. Though it may be acknowledged that a project such as the proposed may have the potential to stimulate the recognition of one.

In summary, in the opinion of this professional reviewer and as outlined in the above comments, the replacement project will not cause the district to lose its current historic status.

Signed:

Mark Hulbert
Preservation Architect

Fig.1 - View from 12th and Webster

Fig.2 - View from 13th and Webster

Fig.3 - View from 12th and Harrison

Fig.4 - View from 13th and Harrison

Fig.5 – Entry portal to alleyway from Harrison St.