



BANANA REPUBLIC

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NEW
40%
NEW

SALE



Westside Village, Uptown, Dallas, TX

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8.1 PURPOSE

The Plan defines the desired development and creates the structure for development in the Plan Area over the next 25 years, consistent with City of Oakland General Plan and other City policies. The realization of the vision for the Broadway Valdez District is faced with challenges, some inherent to the area (e.g. numerous land owners, small parcel sizes, high land values, limited land control by the City, lack of existing retail and retail identity, perception of public safety, etc.), and some related to more global issues (e.g. economy recovering from recent recession, retail industry in flux, elimination of the Redevelopment Agency and resultant lack of funding, etc.).

This chapter outlines the steps and regulatory and organizational procedures to approve and implement the Specific Plan, while maintaining a flexible framework that can accommodate changes in the market over time. This chapter identifies public realm and other improvements as well as actions near-term and longer-term that can achieve the vision for the Plan Area. The chapter also identifies estimated costs of improvements, and provides phasing and funding recommendations for their implementation.

8.2 RETAIL IMPLEMENTATION STRATEGY

One of the primary reasons for preparation of the Broadway Valdez Specific Plan is a desire to address and reverse the significant “leakage” of retail sales from Oakland to other jurisdictions because of the lack of shopping opportunities in Oakland. Thus, a major focus of this chapter is the Destination Retail Implementation Strategy since that will be the most difficult to achieve in light of the numerous challenges and unique requirements for realizing a successful destination retail district where none currently exists today.

GOAL IMP-1: A consistent and coordinated implementation strategy that creatively marshals the City’s resources and influence, whether regulatory, political, or economic, to establish destination retail in the Broadway Valdez District.

8.2.1 RETAIL OBJECTIVE, THE MARKET, AND KEY REQUIREMENTS FOR SUCCESSFUL DESTINATION RETAILING

DESTINATION RETAILING OBJECTIVE

The *Upper Broadway Strategy*, which was adopted by the City Council in 2008 as a major component of the *Oakland Retail Enhancement Strategy*, articulates the following objective for major retail development in the Broadway Valdez District:

“To create the critical mass of destination retailing needed to attract shoppers to the area and reduce the large leakage of comparison goods spending out of Oakland. The result will increase local shopping opportunities for residents and enhance the sales tax base of the City.”

Throughout the Broadway Valdez Specific Plan, the desired retail development is referred to as “destination retailing” and/or “comparison goods shopping”. The category of comparison goods retailing includes stores offering: apparel, accessories, and shoes; home furnishings and appliances; specialty goods (gifts, jewelry, toys, books, art, sporting goods, music, etc.); consumer electronics; and department store and other general merchandise (see Chapter 2, Section 2.3: Market Context and Chapter 4, Table 4.1: Retail Nomenclature for more discussion about different types of retail). Currently, there are limited options for comparison goods shopping in Oakland.

THE MARKET EXISTS TODAY

The market exists today for development of major, new comparison goods retail shopping in the Plan Area.

LARGE LEAKAGE OF COMPARISON GOODS SPENDING

Over \$1.0 billion in potential annual sales, representing 60 to 65 percent of total potential comparison goods expenditures by Oakland residents, are not captured by Oakland stores and represent “retail leakage” of spending to stores in other communities.¹ Among market categories, there is large leakage of retail spending in the upper-middle and middle income markets, as there are very few shopping opportunities for those consumers in Oakland.

LARGE AND LUCRATIVE MARKET FOR NEW COMPARISON GOODS SHOPPING IN VALDEZ TRIANGLE

Trade areas defined for new retailing in the Broadway Valdez District include large populations, supporting a large and potentially lucrative market for new retail development. The 400,000 residents in the Primary Trade Area surrounding the Plan Area spend \$1.6 billion per year for comparison goods.² Together, the inner East Bay cities of Oakland, Berkeley, Albany, Piedmont, Emeryville, and Alameda that include and surround the Primary Trade Area (see Figure 2.2) are home to about 660,000 residents who spend approximately \$2.6 billion per year on comparison goods. Extending further outward, there

are about 830,000 people residing within a 15-minute drive-time of the Plan Area who spend \$3.3 billion per year on comparison goods.

NEW RETAILING WOULD REQUIRE CAPTURING A RELATIVELY SMALL MARKET SHARE OF SPENDING

The sales needed to support major new retailing in the Valdez Triangle were compared to overall expenditure potentials for the surrounding trade areas to find that a relatively small share of spending would be required to support the new development. For example, sales of \$280 million to support 800,000 square feet of new comparison goods shopping would require capturing up to 12 percent of trade area spending for comparison goods.³ That market share is very reasonable given the high leakage of current spending and the strength of the regional market. It indicates strong market support for new comparison goods shopping in Oakland and in the Plan Area. It also highlights that:

- The market exists today for development of a substantial amount of new comparison goods shopping in Oakland. The real challenge is in getting the amount and type of retail development that can successfully capture market demand.
- There is enough market support for new destination retail in the Valdez Triangle and for other new, comparison goods shopping elsewhere in Oakland, including other parts of Downtown and the Broadway Corridor.

KEY REQUIREMENTS: NEW DESTINATION RETAILING NEEDS TO BE SIGNIFICANT AND COMPETITIVE TO SUCCESSFULLY ATTRACT SHOPPERS

Within this strong market context, the challenges for Oakland are in developing new retailing that can attract shoppers and successfully compete with existing retail

1 Retail sales leakage estimate is from *Upper Broadway Strategy*, 2007. Updated figures for 2010 (most recent data at time of updates analysis) continue to show that 60 to 65 percent of comparison goods expenditures by Oakland residents are made outside of Oakland because of a lack of shopping opportunities in the City.

2 As defined in the *Upper Broadway Strategy*, the Primary Trade Area includes the southern half of Berkeley, most of Oakland (except for a portion of East Oakland below MacArthur and east of Fruitvale, where residents are assumed to be more likely to patronize retailers along I-880 and to the south), and the cities of Alameda and Piedmont. The residents of this area live the closest to the Plan Area and are within a drive-time radius of 10 minutes or less.

3 The share of expenditures required to support the new retail development would vary depending on the size of the trade area assumed, from 7 percent (population within 15-minute drive-time of Plan Area) to 12 percent (primary trade area within 10 minutes or less drive time).

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shopping in surrounding areas. The new development needs to be of significant scale, well-anchored, well-designed, and well-merchandised to be successful. The following discussion summarizes the market recommendations for successful comparison goods retail development.

A CRITICAL MASS OF RETAILING

The creation of a significant destination retail district in the Valdez Triangle should include *a minimum of 700,000 square feet of comparison goods shopping*. New destination retail development can occur all at once or in a few successive phases. If phased, the initial phase must be large enough to attract shoppers away from existing shopping areas and large enough to attract retailers who need assurance that a critical mass of retailing will be there before they will commit to locating in the area. Over time, total facilities encompassing *a mix of comparison goods retailing and other retail/commercial uses of around 1.0 million square feet* are envisioned for sustaining a successful retail district in the Triangle. Other retail/commercial uses could include restaurants and food places, entertainment/clubs, other types of retailers, and service uses.

ANCHOR TENANTS AND A BROAD MIX OF RETAILERS

Recognized anchor tenants are critical for attracting shoppers and as a starting place for attracting a mix of comparison goods retail tenants, given the absence of an existing retail base. Anchors offering comparison/fashion merchandise in the middle and upper-middle price ranges are desirable, as is an emphasis on apparel and related shopping, as sales leakages are particularly large in those categories.

ATTRACTIVE, NEW DEVELOPMENT THAT CREATES A "PLACE"

The development's physical characteristics are also very important in creating a desirable "place" and a strong image that attracts shoppers and retailers. The development should be uniquely Oakland,

oriented outward to the street and the City. Desirable characteristics for a retail district in the Triangle include: pedestrian orientation, high-quality architecture and construction, attractive landscaping and public spaces, active sidewalks, and sunlight on the street. (See Chapter 5: Community Design, and Appendix C: Design Guidelines.)

KEY REQUIREMENTS: FINANCIAL FEASIBILITY REQUIRES PUBLIC SECTOR PARTICIPATION AND OWNERSHIP/CONTROL OF A LARGE SITE AREA

PUBLIC SECTOR PARTICIPATION REQUIRED TO "LAUNCH" AND SUPPORT DESTINATION RETAIL DEVELOPMENT

Creation of a significant, destination retail district in the Valdez Triangle will require public sector participation. In addition to the analysis done for this effort, other experience around the country with developments of equal complexity, makeup, and public value have shown that private sector action and investment alone have not been sufficient to generate destination retail development significant enough in either quantity or type to meet the City's objectives. In an urban context like Oakland, land prices are high, site control can be difficult, the need to build structured parking is costly, and the need to create a critical mass of retailing in the absence of an existing retail base requires significant new development and the attraction of major anchor tenants. Public sector participation will be needed to help "launch" and support private development.

Typically, public sector participation has involved some or all of the following: assistance in assembling a large site area, funding public parking for the retail development, help to attract a major department store anchor, and/or funding assistance for improvements such as public plazas and area-wide streetscape improvements. Public participation in major retail developments has become more difficult since the demise of Redevelopment agencies in California, so new and innovative ways need to be used to meet the same objective.

In addition, the City will need to adopt supportive land use policies, facilitate entitlements, and sustain strong political support for the retail development.

MAJOR RETAIL NEEDS TO BE DEVELOPED AND FINANCED AS A UNIT. SITE CONTROL COULD BE A MAJOR FACTOR DETERMINING FEASIBILITY OF A NEW DESTINATION RETAIL DISTRICT IN THE VALDEZ TRIANGLE

In order to achieve successful, major retail development, control of a large contiguous site area will be critical given the need to (a) create a critical mass of new retailing, (b) attract and accommodate anchor tenants and a range of smaller retailers, (c) develop, merchandise, and manage successful retailing as a unit, and (d) capture the financial benefits of mixed use on an area-wide basis. Proper planning, development, financing, tenancing, and management for a retail district cannot be expected to be undertaken on a piecemeal basis or by a multitude of different developers. Overall, the revenue stream to support the development needs to combine revenues from anchor tenants that attract shoppers and usually pay less for the space they occupy, with revenues from other retailers that benefit from locations near the anchors and generate more of the revenues for the project overall.

Ideally, new destination retail development needs to occur all at once or in a few successive phases. If phased, the initial phase needs to be large enough to attract shoppers away from existing shopping areas. It needs to be large enough to attract important anchor tenants who need assurance that a critical mass of retailing will be there before they will commit to locating in the area.

It is difficult to identify the minimum amount of space for an initial phase, as it will depend on the specific tenants involved. Most likely, the minimum, initial phase will require 100,000 to 300,000 square feet of comparison goods retailers that could occur in one or more projects. Beyond the initial phase, additional

space will be needed in one or more successive phases to create a critical mass of comparison goods shopping of at least 700,000 square feet so as to sustain a successful retail district over time.

8.2.2 COMPONENTS OF IMPLEMENTATION STRATEGY FOR DESTINATION RETAILING IN THE VALDEZ TRIANGLE

There are five important components of a retail implementation strategy for the Valdez Triangle. They focus on: (1) land use regulations; (2) strategic use of City-owned property; (3) public funding for catalyst improvements; (4) high-level City commitment to implementation; and (5) near-term and on-going District enhancements. In combination, they are intended to satisfy the key requirements identified above for developing successful destination retailing in Oakland. The components are outlined in Figure 8.1 and described below.

COMPONENT 1: SUPPORTIVE LAND USE REGULATIONS: POLICIES, ZONING, AND DECISION-MAKING

Land in the Broadway Valdez District, specifically the Valdez Triangle is under multiple ownerships. Land use regulations should be established to support and encourage the type of destination retail development desired in the area and to provide clear direction to the private sector.

Policy IMP-1.1

Use a combination of development constraints and bonuses to require and incentivize development of destination retailing in the Valdez Triangle.

Chapter 4 Land Use identifies the regulatory framework for the Plan, and Appendices A and B identify General Plan and Planning Code amendments. This section highlights aspects of the land use strategy that are important from a market and feasibility perspective for achieving the retail strategy.

FIGURE 8.1: IMPLEMENTATION STRATEGY FOR DESTINATION RETAILING IN THE VALDEZ TRIANGLE

1. **Supportive Land Use Policies, Zoning, and Decision-Making**
 - Requirements and incentives for destination retail development
 - Priority for destination retail on Retail Priority Sites
 - Incentives to encourage assembly of large site areas
 - Facilitation of city entitlements and permit process
2. **Strategic Use of City-owned Property**
 - Purchase of additional retail opportunity site(s)
 - Use of City property as incentive for multi-site development
 - Sale of City property and use of funds for catalyst improvements
 - Use of city property to set an example
3. **Public Funding for Catalyst Improvements**
 - Parking for comparison goods retail development
 - Public realm improvements: streetscape, plazas, infrastructure
4. **High-Level City Commitment and Priority Setting**
 - City priority to destination retail development in Valdez Triangle
 - Commitment by decision-makers and high-level staff
 - Coordination across City departments
 - Priority for funding resources
 - Effective City outreach and coordination to facilitate desired development
 - Ongoing commitment to comparison goods shopping serving citywide and Inner Bay Area markets
5. **Near-Term and Ongoing District Enhancements**
 - Build on what is “working” in the area (e.g., dining, entertainment, the arts)
 - Activate the area (e.g., fill in gaps, promote use of “dead” spots, etc.)
 - Make the area fun, safe and active (e.g., promote events, improve lighting, etc.)
 - Improve connectivity/mobility (e.g., add bicycle facilities, improve pedestrian crossings, etc.)
 - Enhance the physical character of the area (e.g., add street trees, facade improvements, etc.)

Land use regulations for the Valdez Triangle should be carefully crafted, recognizing market and feasibility aspects of the type of destination retail development desired in this area. Regulations should be clear in defining and giving priority to destination retail development. Other, mixed use development (residential, office) that can enhance overall development feasibility and increase density should be allowed/encouraged only if it supports and supplements, and does not limit the primary function of the area as the location for new destination retail development. In addition, land use regulations should include incentives to assemble multiple sites for larger-scale/multi-tenant retail development, so as to create the needed critical mass of comparison goods shopping. Consideration could also be given to if and how development rights could be transferred among sites/locations within and outside the Triangle so as to encourage destination retail development in the Valdez Triangle.

This approach is reflected in the Plan in the following ways. The geographic extent of the destination retailing district is clearly identified as encompassing most of the Valdez Triangle. Within the Retail Priority Sites, base height limits are established that reflect the desired retail development, with bonuses offered to augment and support the destination retailing with other, higher density residential uses. That means that residential uses will only be allowed in the Retail Priority Sites when they are part of a larger destination retail development, either as an upper floor use (vertical mixed use) or as development on part of a larger, overall site area (horizontal mixed use). Within the retail district, these types of controls focus on the larger sites and properties in strategic locations (Retail Priority Sites). See Chapter 4, Section 4.4: Regulatory Framework and Appendix B: Planning Code Amendments for more detail.

Though important, land use regulation alone is unlikely to be sufficient to achieve the significant destination retail district desired in Oakland, particularly given the lack of an existing retail base on which to build. Public financial participation in providing parking and other improvements, and public involvement in securing a large site area are also needed (as discussed in the next sections).

Policy IMP-1.2

Supplement land use regulations with an entitlement process that facilitates destination retail development.

In addition to land use policies and zoning, the City's entitlement process will give priority to destination retail development in an effort to further help in attracting new comparison goods shopping to Oakland. Such priority could include expedited permit review and possible reductions in planning/building permit fees. In the future, it is important that the desired retail development not be burdened with significant fees, such as for mitigations or community benefits, since the retail market needs to be "encouraged" to come to Oakland and cannot support additional costs without additional subsidies. Nexus and other analyses that may be done in the future should include consideration of potential economic impacts on destination retail development and of how to fund any associated costs so as not to substantially impact the feasibility of the desired retail development.

Policy IMP-1.3

Ensure close coordination of City revitalization efforts in the Uptown Entertainment District, the area between the existing Downtown core and the Broadway Valdez District Plan Area (approximately bounded by 19th Street, Grand Avenue, Telegraph Avenue and Broadway).

As shown in Figure 1.1 Plan Area Context, the Broadway Valdez District is but one node along the Broadway Corridor, Oakland's historic "spine" that connects some of the City's primary retail and employment destinations.

It is critical that the City take a holistic approach in its economic development and planning efforts along the Broadway Corridor. In particular, policies and actions geared towards the "Uptown Coordination Area" (see Figure 8.2) and the Broadway Valdez District should be closely coordinated so that opportunities may be leveraged and contribute to outcomes that are mutually beneficial.

COMPONENT 2: STRATEGIC USE OF CITY-OWNED PROPERTY IN VALDEZ TRIANGLE AND POSSIBLE PURCHASE OF ADDITIONAL SITE(S)

Control of a large site area in the Triangle is critical for enabling destination retail development. The City currently owns a larger site in the area (see Figure 8.3) that should be used strategically to advance the retail agenda. In addition, purchase of one or more additional sites, particularly a retail opportunity site, could be very beneficial in facilitating retail development with enough critical mass to be successful.

Policy IMP-2.1

Consider opportunities to purchase additional retail opportunity site(s).

Purchase of one or more additional sites in the Valdez Triangle retail district will help in assembling a large site area for major retail development and in attracting an experienced retail developer for the area. There has been developer interest expressed if a large, site area could be available.

Policy IMP-2.2

Use City-owned property as an incentive to facilitate retail development.

City-owned property in the Triangle retail district can provide an important incentive for destination retail development. Two options are identified for consideration.

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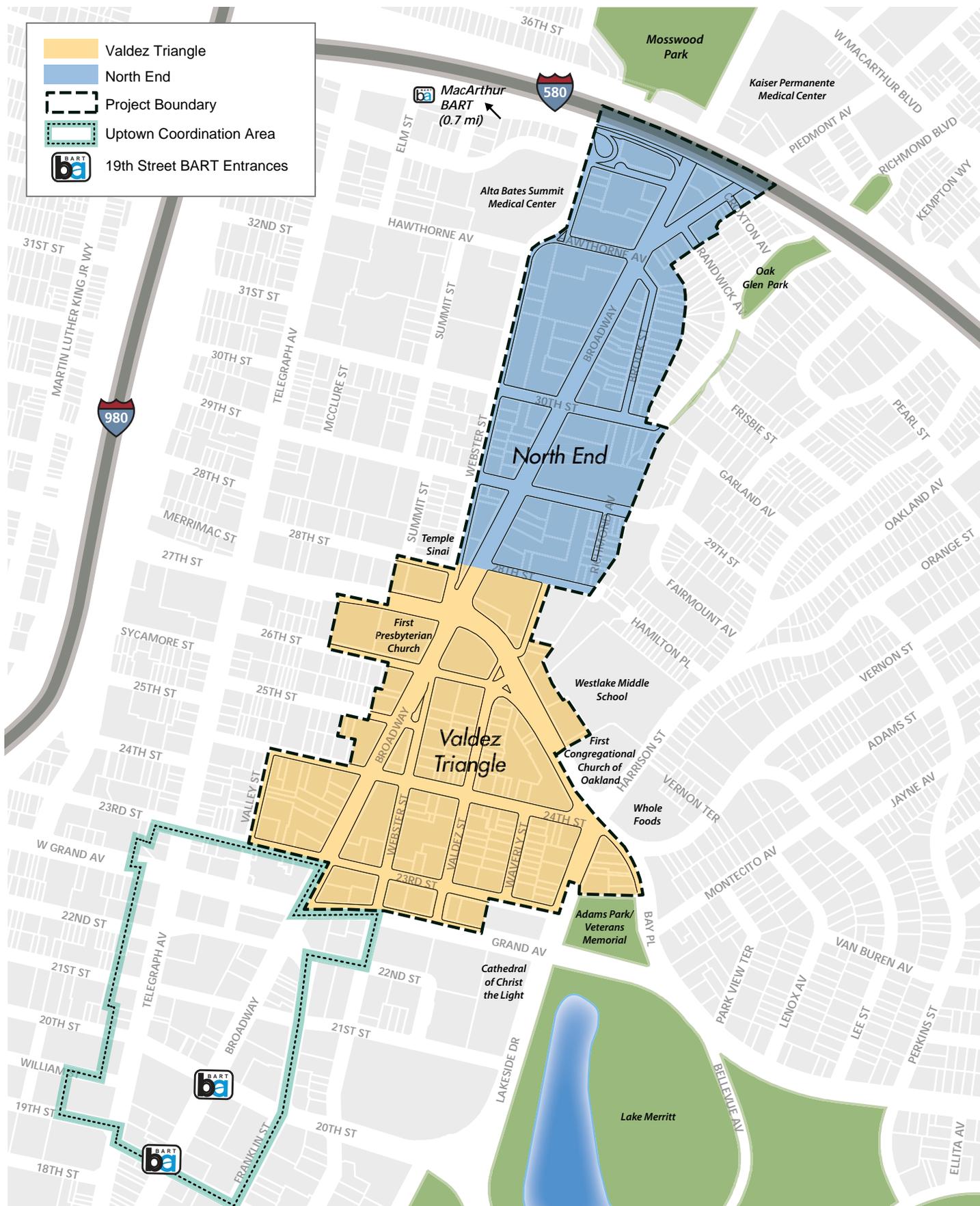
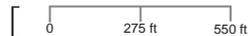


FIGURE 8.2: SUBAREAS AND UPTOWN COORDINATION AREA



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Option A: Partnering in the development. Use of City property to facilitate multi-site retail development could include the City partnering with a developer and/or land owners of nearby properties for a multi-site retail or retail/mixed use development. Potentially, the City land could be contributed at no/low cost initially, in return for proceeds later, once the development is established.

Option B: Sale and use of funds. The City could also facilitate retail development in the Triangle through (a) the sale of its property to be part of a larger retail or retail/mixed use development, and (b) the use of sale proceeds for funding parking and/or other catalyst improvements to support the retail development. The sale of City property should be for a use and at a value consistent with the retail or retail/mixed use development envisioned for the retail district.

The existing City-owned property in the Triangle is already entitled for residential development. The entitlement could enhance the overall feasibility of large-scale destination retail development, if the total site area (City property plus other nearby properties) is large enough to support both a critical mass of new comparison goods shopping and residential development (in horizontal or vertical mixed use). The retail development must be given priority in overall project design and development.

Policy IMP-2.3

Condition future use of the City-owned property with a development agreement to ensure that development advances the City's retail agenda.

Under either of the above arrangements, the City's property can be an important catalyst for destination retail development. As such, the City should use its leverage to ensure that the retail development meets the City's objectives for comparison goods shopping as set forth above. In addition, it is important that the specifics of the development project and of the "deal" between the City, developer, and property owner(s) be spelled out in detail to ensure that the desired retail development

occurs as anticipated. The elements of an agreement regarding use of the City property to facilitate retail development should include the following:

- Specific performance criteria for the timeframe and phasing of the retail development;
- Specific performance criteria for the respective roles of the developer, property owner(s), and the City, in a development partnership;
- Detailed plans for the development including overall project design and layout, square feet of retail space and store locations, anticipated retail tenants with commitments from anchor tenants, and specifics on the types and number of other tenants to be attracted;
- Specifics on other uses to be included if retail/mixed use development is proposed, including square feet space, number of dwelling units, other commercial tenants, etc.;
- The timing and phasing of development, insuring that the retail development occurs first or at the same time as development for other uses;
- Specifics for the provision of parking for the development; and
- Remedies for non-performance.

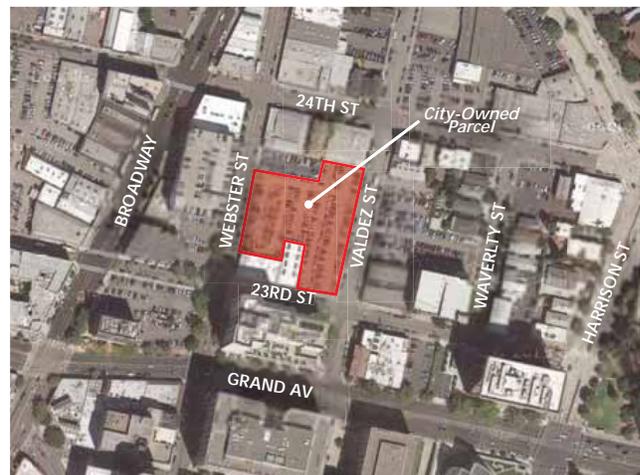


FIGURE 8.3: VALDEZ TRIANGLE CITY-OWNED PARCEL

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Policy IMP-2.4

Use of City Property should set an example for the type of development that is envisioned in the Triangle.

Beyond its use as a direct catalyst for retail development, use of the City's property will also provide an example and "send a signal" to other property owners and the development community, affecting use of the rest of the property in the Triangle retail district. The City's property was purchased as part of early phase efforts under this Plan, for use in facilitating larger-scale retail development which may be on another site as part of an overall project.

COMPONENT 3: USE OF PUBLIC FUNDING FOR CATALYST IMPROVEMENTS

As described above, public funding will be required for development of a significant, destination retail district in the Valdez Triangle. An infusion of capital early on can provide a significant catalyst for undertaking the new development. This section identifies the strategy for funding catalyst improvements. The costs and possible sources of funding are addressed later in the chapter.

Policy IMP-3.1

Provide public funding assistance for comparison goods retail parking.

Paying for structured parking is a big hurdle for destination retail development, and in the past has been typically funded by the public sector. The 2007 Upper Broadway Strategy identified the need for the City to fund parking development for new comparison goods shopping, as did the feasibility analysis prepared for this Plan. Particularly in the early phases, parking availability is critical for attracting retailers and shoppers. Retail parking needs to be conveniently located within or close to the retail development, and dedicated to supporting retail shopping. The area's central, urban location and the availability of public transit reduce the amount of parking otherwise needed, but do not replace the need for parking to support destination retail shopping.

The recommended approach is to provide funding assistance for the development of parking as part of, or near to, larger-scale, retail development(s) with multiple comparison goods tenants. A public garage could be developed and operated as a freestanding garage or as part of a large retail project.

Larger-scale retail development with multiple comparison goods tenants and covering several sites/blocks is the type that will require the most public funding for building structured parking, and is the type most needed to achieve the necessary critical mass of comparison goods shopping in the Valdez Triangle. Public funding for parking may be less critical for development of a freestanding retail tenant or a smaller project, so that the use of public funding for building parking should take into account market and development feasibility considerations specific to the project and types of retail tenants. **Given the differences in development feasibility and the City's objective of establishing comparison goods shopping, public funding for retail parking should only support development that accommodates a mix of comparison goods retail tenants, and not other types of retailing, such as convenience retailers. Further, the development of retail parking should be done in conjunction with, and at the same time as, the retail development.**

Policy IMP-3.2

Provide public funding for public realm improvements.

Funding for public realm improvements, such as streetscape, plaza, street, and utility improvements will demonstrate the City's commitment to the retail vision for the Triangle and encourage and support the private sector. These improvements will support and extend private investment into the public realm, to create a true "retail district" for the area overall. As described earlier in this chapter, creation of a significant retail district requires and benefits from funding beyond that supported by the private development.

The recommended approach is to prioritize the funding and development of public realm improvements in areas where private development is proposed (e.g. adjacent to Retail Priority Sites discussed in Chapters 4 and 5 of this Plan). For example, retail catalyst improvements could focus on 24th Street, 24th and Harrison, and parts of Valdez to support retail development on the eastern side of the Triangle. Similarly, public realm improvements could focus on Broadway between 24th and 27th Streets for retail development in the northern/northeastern parts of the Triangle. As identified later in this chapter, public funding for public realm improvements could be combined with areawide/private sector funding as might be provided through an assessment district in the area (e.g. a Business Improvement District, BID or Community Benefit District, CBD).

COMPONENT 4: HIGH-LEVEL CITY COMMITMENT AND PRIORITY-SETTING

Creation of a significant retail district for comparison goods shopping virtually from scratch in the Valdez Triangle will be difficult and requires that the City give high priority to achieving that objective and implementing the strategy outlined in this chapter and summarized in Figure 8.1.

Policy IMP-4.1

Secure high level City commitment to the retail strategy and establish priorities.

Such a commitment will involve:

- Commitment by and leadership from City decision-makers and high-level staff;
- Coordination across City departments, with priority given for development of comparison goods shopping that meets the goals and policies of this Specific Plan;
- Identification of a City project manager for retail district development in the Triangle;

- Commitment to implementing the land use policies set forth in the Plan, giving priority to development of a destination retail district for comparison goods shopping; and
- Priority given to allocating public funding and adequate staff resources for catalyst improvements and ongoing support for the desired development.

Policy IMP-4.2

Undertake effective City outreach to and coordination with the development community, property owners, and key retailers to facilitate desired development.

City outreach to the development community and property owners in the area, and to key retailers, will be important in facilitating the desired development. Such outreach should involve:

- Communications regarding the desired types of retail tenants and retail development consistent with the goals and policies of this Specific Plan;
- Transmittal of market analyses and market demographic data supporting comparison goods retailing;
- Ongoing interactions to work out the details of a development project and the respective private and public sector roles; and
- Facilitation of project review and permit processing for destination retail development.

Policy IMP-4.3

Maintain City commitment to market strategy and vision for comparison goods shopping in the Valdez Triangle.

It is essential that the City have a clear vision of the type of comparison goods shopping development desired for the Valdez Triangle and follow through with that vision over time. Without a clear market strategy and a critical mass of comparison goods retail tenants that can successfully attract shoppers from the surrounding Oakland and inner Bay Area, the new development will not be successful.

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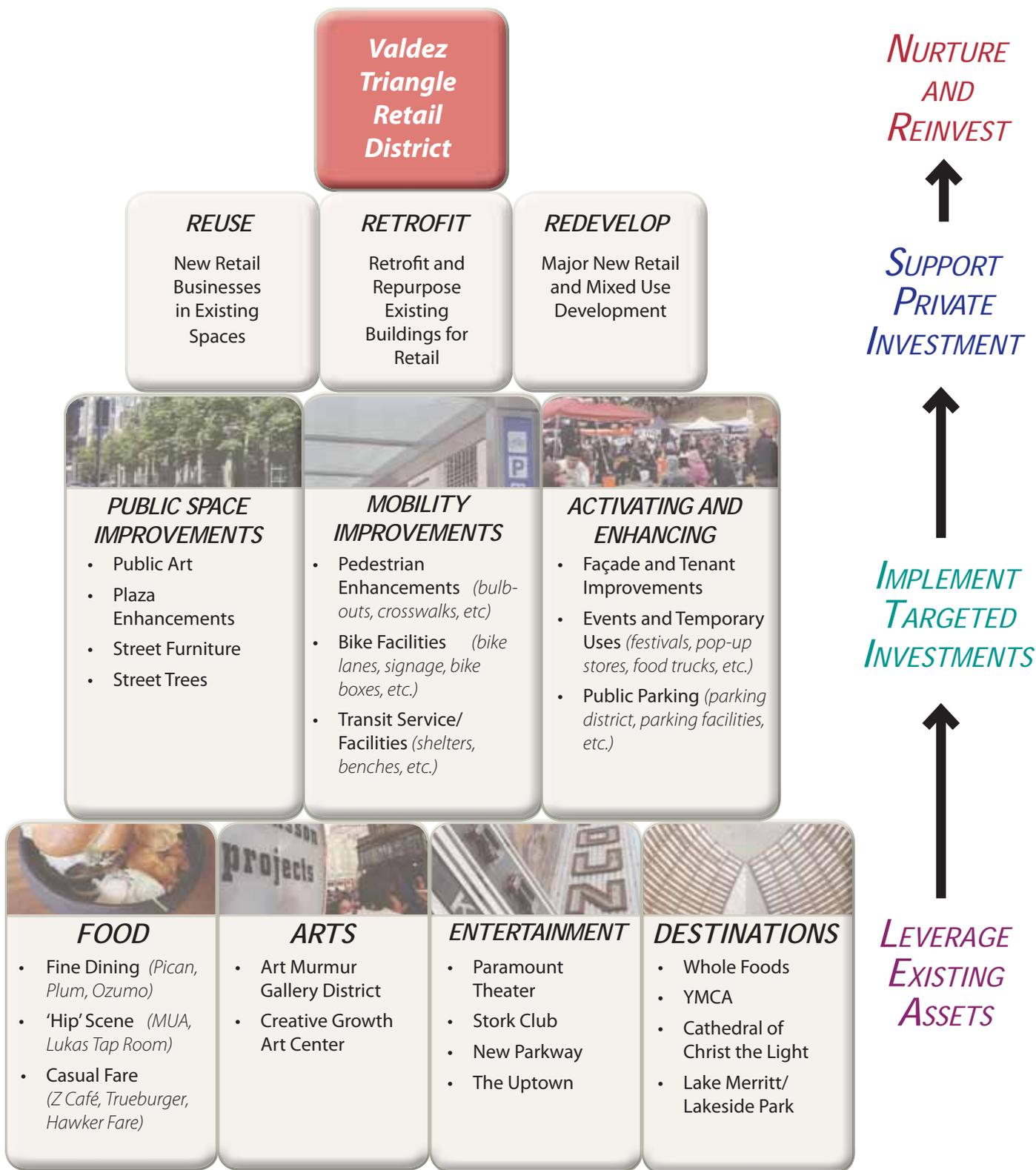


FIGURE 8.4: BUILDING A DESTINATION RETAIL DISTRICT FROM THE GROUND UP

COMPONENT 5: NEAR-TERM AND ON-GOING DISTRICT ENHANCEMENTS

Policy IMP-5.1

Promote interim and near-term strategies that build an identity and reputation for the Plan Area and help position it for future development.

In the face of current challenges, including limited public funding in the near-term, instigating innovative actions that will bridge the current economy and better position the area for development will be critical. These near-term strategies will be important to demonstrate the City's commitment to the vision for the District, and support existing businesses and landowners in the District who are already working to revitalize the area. The focus of these near-term strategies should be to (see Figure 8.4):

- Build on what is "working" in the area (e.g., dining, entertainment, the arts)
- Activate the area (e.g., fill in gaps, promote use of "dead" spots, etc.)
- Make the area fun, safe and active (e.g., promote events, improve lighting, etc.)
- Improve connectivity/mobility (e.g., add bicycle facilities, improve pedestrian crossings, etc.)
- Enhance the physical character of the area (e.g., add street trees, facade improvements, etc.)

In order to build on the energy being generated by the arts and dining scenes in the adjoining Uptown and 25th Street Garage District/"Art Murmur Gallery District," the strategy is to concentrate near-term investments in the Valdez Triangle, particularly along the Broadway and Webster Street corridors between Grand Avenue and 26th Street (see Figure 8.5). The focus of these near-term actions should be to activate the area and enhance its physical character/ attractiveness by implementing improvements and activities such as:

- public art;
- temporary events;
- pop-up storefronts;

- public space enhancements;
- parklets; and
- business attraction.

8.2.3 AUTO DEALERSHIPS AS ANOTHER TYPE OF DESTINATION RETAILING WITH SALES TAX BENEFITS

AUTOMOBILE-RELATED RETAILING IN THE BROADWAY VALDEZ DISTRICT

As noted in Chapter 2, from a market perspective, auto dealerships are consistent with the overall objectives for destination retail in the Plan Area, particularly if they are appropriately designed with a more "urban showroom" format that is more compact and requires less land area because the bulk of car inventory is stored off-site.

SIGNIFICANT SALES TAX REVENUE FOR OAKLAND

Broadway Auto Row in the Broadway Valdez District provides significant sales tax revenue for the City: approximately \$2.1 million of sales tax revenue from \$207 million of taxable auto-related sales in 2011. That represents 5.5 percent of total sales tax revenue citywide. Sales at auto dealerships are growing and are on the upswing after being hit hard by the recent recession.

AUTO SALES AND SERVICE OPPORTUNITIES FOR RESIDENTS

In addition, Auto Row provides convenient opportunities for residents to buy new and used automobiles and to have autos serviced and repaired in Oakland.

ISSUES FOR AUTO DEALERSHIPS AND AUTO ROW

NEW DEVELOPMENT SITES WITH AUTO DEALERSHIPS IN THE PLAN AREA

The *Upper Broadway Strategy* report (2007) assumed that the auto dealerships in the Broadway Valdez District Plan Area would be relocating to a proposed auto mall on the

8. IMPLEMENTATION, PHASING AND FINANCING

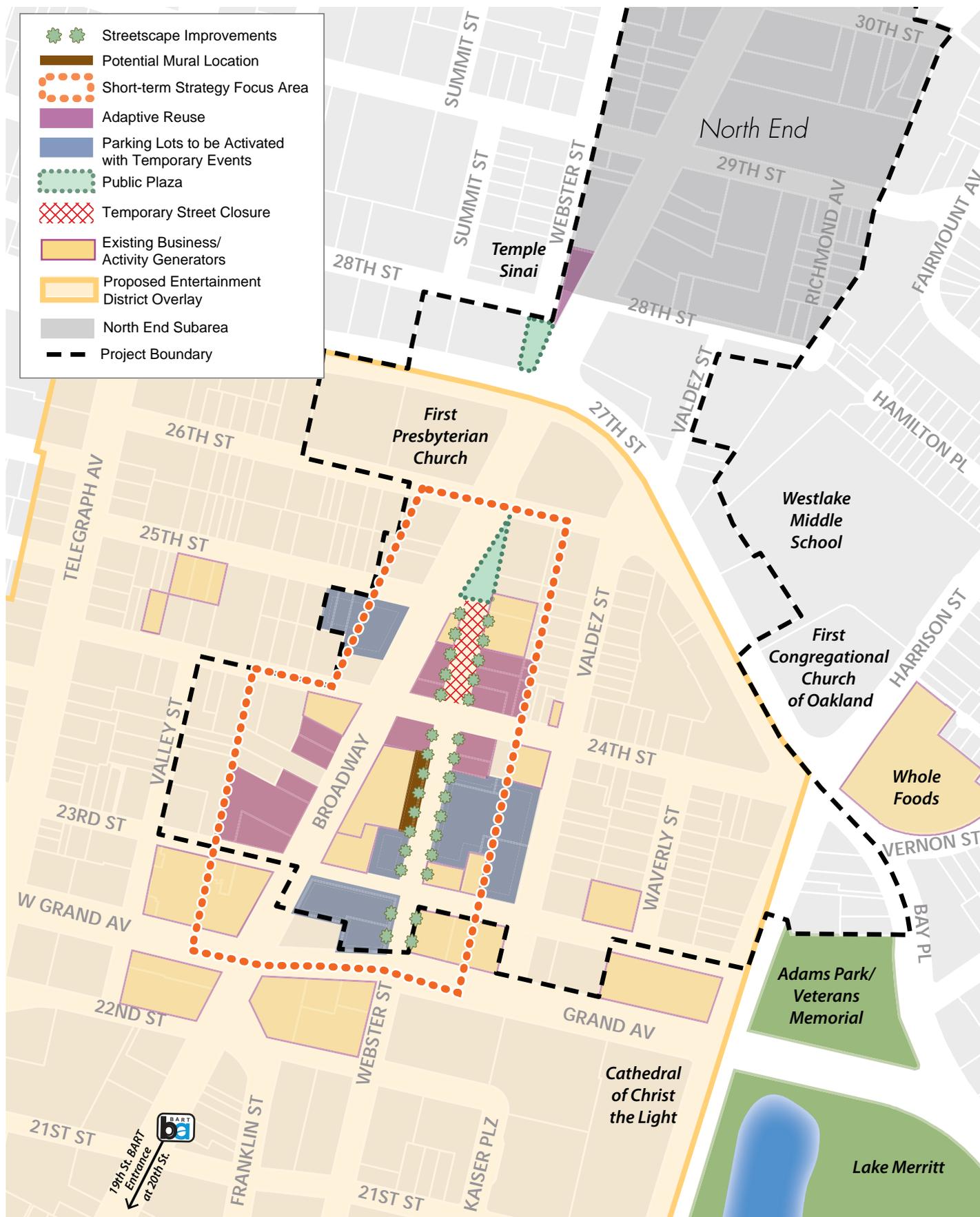


FIGURE 8.5: NEAR-TERM STRATEGIES FOR THE VALDEZ TRIANGLE

former Oakland Army Base. That is no longer an option as other development is planned for the Army Base area. However, development opportunity areas and adaptive reuse areas in the Plan include sites with existing, active auto dealerships. In Chapter 2, Figure 2.4: Existing Plan Area Land Use identifies the locations of auto dealerships in the Plan Area.

- In the Valdez Triangle, there are two active auto dealerships on large sites desired to support a critical mass of new comparison goods shopping. Maintaining the dealerships in their current locations in the Triangle has the potential to make the objective of establishing a critical mass of destination retailing infeasible. That raises the issue of how those dealerships could potentially relocate to other locations in the Plan Area north of 27th Street, or elsewhere in the city.
- In the North End, there are existing dealerships on sites that could be eventually redeveloped for residential/mixed use development or other uses. That further raises the issue of location options for auto dealerships in the North End in the future, and of if/and how they could be accommodated.

There is also the broader question of a citywide strategy to retain auto dealerships, and whether there are locations for auto dealerships and other auto-related businesses elsewhere in Oakland.

Without a citywide auto dealership strategy, the best scenario from a sales tax revenue perspective would be to retain all existing dealerships in the Broadway Valdez District but encourage locating them to the north of 27th Street, while introducing new comparison goods shopping in the Valdez Triangle.

POSSIBLE IMPLICATIONS FOR SALES TAX REVENUES IN OAKLAND

Analysis indicates that the potential loss of auto dealerships in the Plan Area to make way for other, new development would result in the loss of sales tax revenue from auto sales. If new comparison retail development in the Plan Area results in the loss of auto dealerships,

the loss of auto-related sales tax revenue would offset any increases in sales tax revenue generated by the new comparison goods shopping, and make it difficult to achieve the City's dual objectives of increasing shopping opportunities in Oakland and enhancing the City's sales tax base. For comparison, replacing \$207 million of auto-related sales requires the equivalent of 600,000 to 700,000 square feet of new comparison goods retailing to offset the loss of sales tax revenues. Further, if the Plan Area developed as a mixed use district without major destination retailing, there would be a substantial net loss of sales tax revenues as the area is developed for residential and some office uses with ground floor retail and possibly some convenience retailing (the majority of sales in grocery and other food stores and drug stores are non-taxable).

IMPLEMENTATION STRATEGY FOR RETAINING AUTO DEALERSHIPS IN THE NORTH END AND CONSIDERING CITYWIDE STRATEGY FOR AUTO-RELATED RETAIL IN OAKLAND

Auto dealerships continue to value locations on Broadway Auto Row. There are locations along Broadway north of 27th Street that could remain in use by auto dealerships, and be consistent with the overall objective for new destination retail and an increased sales tax base in the Plan Area. Successful new comparison goods shopping in the Valdez Triangle could be of benefit to auto dealers located north of 27th Street, increasing their visibility and attracting substantially more people to the area. In addition, the auto dealers would represent another type of destination retailing that adds to the mix of uses and attractions in the area. An implementation strategy for retaining auto-related retailing in the North End (along with the sales tax revenue it supports) is outlined in Figure 8.6 and described below. It includes consideration of a citywide strategy for auto-related retailing in Oakland, as it relates to this Specific Plan and to location options for Auto Row elsewhere in Oakland over the longer term future.

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Policy IMP-6.1

Allow existing auto dealerships to remain in the Plan Area to the north of 27th Street and retain branding as Broadway Auto Row.

Locations to the north of 27th Street currently include auto dealerships and related facilities. Existing dealerships desiring to remain in the Plan Area could be supported by land use policies and zoning that allow and encourage them to locate in the North End, to the north of 27th Street. Retaining the branding of “Broadway Auto Row” to the north of 27th Street also will be important for attracting customers and supporting the marketing activities of dealers in the area.

Over time, auto dealer activities in the area could be encouraged by regulations and incentives to adapt to more urban forms of operation, with less land devoted to auto display and storage on-site. Off-site storage options nearby could help dealers accommodate growing

business activities on existing or smaller sites. Such options also could help accommodate relocations and new dealerships in the area.

Policy IMP-6.2

Develop a strategy for relocating active dealerships from Valdez Triangle as needed to facilitate comparison goods shopping in the Triangle.

A strategy should be developed for relocating the active dealerships now located in the Triangle on Retail Priority sites identified in the Plan. The considerations to be addressed include: (a) possible new locations for the dealerships; (b) potential availability of existing auto-related facilities that are vacant or potentially available; (c) the need for developing new facilities or upgrading existing facilities; and (d) how the economics of relocation and possible new development/renovation could work. Public incentives/resources to facilitate relocations would be beneficial and may be needed in some cases.

Policy IMP-6.3

Develop a citywide strategy for auto-related retailing in Oakland in the future.

Given the importance of auto related sales tax, consideration of other uses for properties along Oakland’s Auto Row raises a citywide policy question of location options for retaining auto dealerships and other auto-related uses in Oakland in order to retain and grow sales tax revenue as well as provide convenient auto shopping and service/repair opportunities for residents. Questions to address include:

- How and where can auto dealers be retained in the North End, both in the near term and longer term future?
- Are there other locations for Oakland’s Auto Row?
- How do the location options compare?

The answers to these questions will provide direction for a citywide strategy for auto-related uses. That strategy will provide direction as to the longer term desirability of

FIGURE 8.6: IMPLEMENTATION STRATEGY FOR RETAINING AUTO-RELATED RETAILING

1. Allow Existing Auto Dealerships to Remain in Plan Area to the North of 27th Street, and add to the Mix of Destination Retail Uses and Attractions.
 - Supportive land use policies and zoning for auto dealership locations north of 27th Street.
 - Retain branding of area north of 27th Street as Broadway Auto Row
2. Develop a Strategy for Relocating Active Dealerships from Valdez Triangle to the North End or elsewhere in the City as Needed to Facilitate Comparison Goods Shopping in the Triangle
3. Develop Citywide Strategy for Auto-Related Retail in Oakland.

retaining auto dealerships and Auto Row in the North End of the Broadway Valdez District. Considerations from a citywide perspective should be undertaken sooner rather than later, in order to avoid missed opportunities.

8.3 PROPOSED PUBLIC REALM AND OTHER RETAIL CATALYST IMPROVEMENTS

The Broadway Valdez District Specific Plan identifies public realm and other retail catalyst improvements to facilitate and support anticipated development within the Plan Area and to achieve realization of the overall Plan vision. These improvements are referenced throughout the Plan and in the Retail Implementation Strategy in section 8.2 of this chapter. They are consolidated and listed in this section along with planning level cost estimates and a phasing strategy for their implementation. The discussion in this section presents the improvements and costs in total and by subarea and phase. A complete listing of all of the public realm improvements is included in Appendix E, organized by type of improvement and including a more detailed description of each item.

GOAL IMP-2: The strategic use of physical improvements to the public realm to improve the area's function and character, and to serve as catalyst for future development.

8.3.1 PUBLIC REALM AND RETAIL CATALYST IMPROVEMENTS AND ESTIMATED TOTAL COSTS

The Broadway Valdez District Specific Plan identifies public realm and other retail catalyst improvements—including open space and streetscape improvements, street improvements, utility infrastructure improvements, and utility undergrounding. The estimated costs of these combined improvements total approximately \$35 million (in 2012 dollars). The costs are order-of-magnitude estimates developed for planning purposes. Actual

costs incurred could vary from the estimates and will depend on a number of factors, including the amount of development that occurs, the improvements needed to support it, decisions regarding the more discretionary improvements, and the actual costs once projects are planned and designed in more detail. Sewer capacity expansion also is required and will be funded with existing City sewer fees, estimated to total \$4.1 million (in 2012 dollars) based on the build-out scenario for the Plan.

The Retail Implementation Strategy outlined in section 8.2 of this chapter identifies the importance of additional structured parking to attract and support the destination retail development envisioned for the Valdez Triangle. Provision of parking could cost in the range of \$44 to \$65 million (in 2012 dollars) and is anticipated to require some level of public assistance. In addition, there could be costs to assist with land acquisition and/or business relocation in order to create larger site areas that will facilitate the development of the “critical mass” and/or combination of retailers typically required for successful comparison goods shopping. There also will be ongoing costs to support and manage a destination retail district in the Triangle.

8.3.2 OVERVIEW OF PHASING AND IMPROVEMENTS BY PLAN SUBAREA

The time horizon for implementation of the Broadway Valdez District Specific Plan is assumed to be approximately 25 years. Plan identified improvements will not occur all at once, but will be phased over time, consistent with the timing and sequencing of Plan Area development. However, given the Plan's emphasis on attracting and facilitating destination retail development which has been challenging to attract and retain in Oakland despite the strong market support, it is essential to undertake initial investments and improvements to serve as catalysts for retail development in order to create a significant retail district for comparison goods shopping in the Valdez Triangle. Another consideration influencing the phasing of improvements will be the availability of public and other funding over time.

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TABLE 8.1: PHASING OF PUBLIC REALM AND CATALYST IMPROVEMENTS

PHASE	ESTIMATED COSTS ¹ (2012 \$)
Phase 1: Initial Retail Catalysts in Valdez Triangle	
• Possible additional retail opportunity site(s)	TBD
• Retail parking garage	\$22.5 - 30.0 million
• Public realm improvements (Option A)	\$4.4 million
	<hr/> \$26.9 - 34.4 million
Phase 2: Other Improvements for Retail District in Valdez Triangle	
• Retail parking garage(s)	\$21.8 - 35.3 million
• Public realm improvement	\$18.8 million
• Possible relocation of auto dealers to North End (Phase 1 or 2)	TBD
• Retail district management services	TBD
	<hr/> \$40.6 - 54.1 million +
Phase 3: Improvements Along Broadway and Webster in North End	
• Public realm improvements	\$2.9 million
Phase 4: Other Improvements in North End	
• Public realm improvements	\$8.9 million
Ongoing: Sewer Expansion Costs to be Recovered Through City Sewer Fees	
• Sewer expansion	\$4.1 million
Public Realm Improvements	\$35.0 million
Retail Parking	\$44.3-65.3 million
Sewer Expansion	\$4.1 million
GRAND TOTAL	<hr/> \$83.4 - 104.4 million
NOTE: Public realm improvements include open space and streetscape improvements, street improvements, utility infrastructure improvements, and utility undergrounding. See list in Appendix E.	
¹ Costs are order-of-magnitude, planning level estimates, developed in late 2012. Costs do not include sewer capacity expansion costs to be recovered through City of Oakland sewer fees.	
Source: BV DSP Consultant Team; City of Oakland	

Based on these considerations, the recommended phasing of improvements is to focus on in the Valdez Triangle subarea first, with priority given to initial retail catalyst improvements. Improvements in the North End subarea would follow as the market evolves, development is proposed, and additional funding becomes available. The suggested phasing is summarized as follows, in order of priority:

- **Phase 1:** Initial retail catalyst improvements in the Valdez Triangle that support the creation of a significant destination retail district.
- **Phase 2:** Other improvements in the Triangle, to further facilitate and support development of the destination retail district and enhance the pedestrian environment.
- **Phase 3:** Improvements in the North End along Broadway and Webster Street to make the area more pedestrian friendly and more attractive for development.
- **Phase 4:** Other improvements in the North End to support existing and new uses.

Sewer capacity expansion improvements are assumed to occur over time as development occurs and as can be funded through existing City sewer fees.

A summary of the estimated costs of improvements by phase is presented in Table 8.1 and described below. The costs are planning level estimates for improvements identified throughout the Broadway Valdez District Specific Plan. The improvements will be further defined for implementation, and some may change over time. As presented in this Plan, they identify the types of improvements anticipated and the order-of-magnitude costs involved.⁴

⁴ The cost estimates were prepared by the Specific Plan Consultant Team in coordination with City staff, as part of the analyses done to prepare the Plan and identify Plan improvements as described in earlier chapters.

RETAIL CATALYST IMPROVEMENTS

Policy IMP-7.1

Give funding priority to retail catalyst improvements in Phase 1.

Improvements and investments to attract and support development of a comparison goods shopping district in the Valdez Triangle should be given top priority. Improvements implemented early on by the public sector can provide a significant catalyst for attracting and undertaking private sector retail development.

As there are currently multiple land owners in the Triangle, it is anticipated that new destination retail development is most likely to occur in successive phases. The recommended approach is to support private development by focusing initial, catalyst improvements where private development is proposed first. For example, initial public realm improvements could focus first on the eastern side of the Triangle in response to retail development around 24th Street and Harrison, or, alternatively, could focus at the northern end of the Triangle near Broadway and 27th Street in response to development there. Other options are also possible, depending on landowner/developer initiatives.

Possible, first phase public realm improvements and their costs are presented in Table 8.2, as options, assuming that Phase 1 retail development occurred on the east side of Triangle (Option A) or on the north side (Option B). As shown, estimated Phase 1 costs for public realm improvements could range from \$4.4 to \$7.3 million (in 2012 dollars). Actual costs will depend on the locations for the retail development and the specific improvements made.

Funding for a public parking garage to successfully attract and support the first phase of destination retail development is a particularly critical catalyst project. The initial increment of structured parking is estimated to cost in the range of \$22.5 to \$30 million (in 2012 dollars) to support the development of about 250,000 square feet of initial comparison goods shopping.

In total, the costs for Phase 1 retail catalyst improvements are estimated at approximately \$27 to \$37 million as summarized in Table 8.2.

POSSIBLE ADDITIONAL RETAIL CATALYST PROJECT(S) TO HELP IN ASSEMBLING LARGE SITE AREA(S) FOR DESTINATION RETAILING AND/OR RELOCATING ACTIVE AUTO DEALERSHIPS

Potentially, the City's purchase of an additional site or sites in the Valdez Triangle would help in gaining control of larger site areas for major retail development, as identified in the Retail Implementation Strategy earlier in this chapter (see Component 2 and Policy IMP - 2.1). The purchase of additional retail opportunity site(s) is identified as a possible Phase 1 retail catalyst, although no cost has been estimated. Land purchase could also occur under Phase 2.

In addition, the Retail Implementation Strategy outlined in section 8.2 of this chapter recommends developing a strategy for relocating active auto dealerships from the Valdez Triangle to the North End or elsewhere in Oakland, as needed to facilitate destination retail development in the Triangle and retain the auto-related business activity and sales tax revenue in the Plan Area or elsewhere in Oakland (see Policy IMP-4.2). Such a strategy could identify the need for funding to assist the relocation(s), and those costs would be part of Phase 1 or Phase 2 (as identified in Phase 2 in Table 8.3).

REMAINING TRIANGLE IMPROVEMENTS

Policy IMP-7.2

Complete the identified improvements for Valdez Triangle retail district during Phase 2.

Once the initial destination retail development occurs, it will be important to continue to encourage and support one or more successive phases of retail development.

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TABLE 8.2: RETAIL CATALYST IMPROVEMENTS IN THE VALDEZ TRIANGLE. PHASE 1: INITIAL CATALYSTS

	ESTIMATED COSTS ^{/A/} (2012 \$)
Option A: Public Realm Improvements, Eastern Side: 24th, Harrison, 23rd, and Webster	
Open Space Improvements: Plaza Improvements - 24th and Harrison	\$967,800
Streetscape Improvements: • Improvements to 24th Street	\$890,400
Street Improvements: • Reconfigure 5-legged intersection - 24th and Harrison	\$750,000
Utility Infrastructure Improvements: • 24th Street Water Line Upgrades • Harrison Street Water/Sewer Line Upgrades • Waverly Street Closure Improvements	\$131,600 \$562,800 \$658,800
Utility Undergrounding: 24th Street (1,025 feet)	\$473,200
<i>TOTAL</i>	<i>\$4,434,600</i>
Option B: Public Realm Improvements, Northern End: Broadway, 27th, and 24th Area	
Open Space Improvements: • Plaza Improvements - Broadway and 25th • Plaza Improvements - Broadway and 27th	\$3,782,300 \$520,000
Streetscape Improvements: • Improvements to Broadway	\$ 1,388,800
Street Improvements: • Square Broadway/Webster/25th Intersection • New Traffic Signals - Broadway at 23rd and 24th • Enhance Bicycle Markings and Facilities	\$415,800 \$ 742,000 \$ 112,000
Utility Infrastructure Improvements: Broadway Street Upsize Existing Water Line	\$ 357,000
<i>TOTAL</i>	<i>\$ 7,317,900</i>
Initial Retail Parking Improvements: Parking Garage (supports 250,000 sq. ft. destination retail) ^{/B/}	\$ 22,500,000–30,000,000
Possible Additional Retail Opportunity Site(s)	TBD
TOTAL PHASE 1 IMPROVEMENTS	\$26.9 - 37.3 million
^{/A/}	Costs are order-of-magnitude, planning level estimates, developed in late 2012. Costs do not include sewer capacity expansion costs to be recovered through City of Oakland sewer fees.
^{/B/}	Range reflects 3 to 4 parking spaces per thousand square feet to attract and support phase 1 destination retail development, or 750 to 1,000 parking spaces.
Source:	BVDSP Consultant Team; City of Oakland

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TABLE 8.3: RETAIL CATALYST IMPROVEMENTS IN THE VALDEZ TRIANGLE. PHASE 2: REMAINING IMPROVEMENTS

	ESTIMATED COSTS ^{/A/} (2012 \$)
Remaining Public Realm Improvements	
Improvements not yet competed from Options A and/or B in Table 8.2	TBD
Public Realm Improvements in Rest of Triangle, Central and Southern Areas	
Open Space Improvements:	
• Plaza Improvements - Valdez and 27th Streets	\$ 3,610,800
Streetscape Improvements:	
• Improvements to Valdez Street	\$1,062,900
• Improvements to 27th Street	\$ 1,334,900
Street Improvements:	
• Remove channelized turn SB Harrison to 27th	\$ 423,100
• Remove channelized right-turn from WB 27th to Broadway	\$ 450,700
• Remove channelized turns Valdez and 27th	\$ 725,700
• New Traffic Signals at Harrison and 23rd Streets	\$ 378,000
Utility Infrastructure Improvements:	
• 26th Street Storm Drain Improvements	\$ 1,416,100
• Valdez Street Water/Gas Line Upgrades	\$ 401,000
• 27th Street Upsize existing Water Line	\$ 449,400
Utility Undergrounding:	
• Including portions of 23rd, 25th, 26th and Waverly Streets	\$ 1,180,900
<i>TOTAL</i>	<i>\$11,433,500</i>
Additional Retail Parking Improvements	
Parking Garage(s) (supports 450,000 sq. ft. destination retail) ^{/B/}	\$21,800,000–35,300,000
Retail District	
Management and Services	TBD
Possible Relocation of Active Auto Dealerships	
	TBD
TOTAL ADDITIONAL PHASE 2 IMPROVEMENTS (Not including remaining improvements from Phase 1, Table 8.2)	\$33.2 - 46.7 million+
^{/A/}	Costs are order-of-magnitude, planning level estimates, developed in late 2012. Costs do not include sewer capacity expansion costs to be recovered through City of Oakland sewer fees.
^{/B/}	Range reflects 2.5 to 3.5 spaces per thousand square feet of destination retailing, less 400 spaces assumed to be available in already existing garages nearby, or 725 to 1,175 additional parking spaces.
Source:	BVDSP Consultant Team; City of Oakland

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As explained in the retail implementation strategy earlier in this chapter, the objective is to create and sustain a critical mass of comparison goods shopping of at least 700,000 square feet in a new destination retail district in the Valdez Triangle.

The remaining improvements to be undertaken in Phase 2 include the following:

- Public Realm improvements not yet completed in the eastern and/or northern parts of the Triangle, as identified under Options A and B in Table 8.2;
- Additional retail parking garage(s); and
- Improvements in the rest of the Triangle, including those in the central and southern areas, as identified in Table 8.3.

The costs for the remaining improvements are estimated to include \$22 to 35 million for additional parking, \$11 to 12 million for public realm improvements in the central and southern parts of the Triangle, and the costs of remaining public realm improvements identified under Phase 1. (All costs are in 2012 dollars.) There also could be costs for relocating active auto dealerships from the Valdez Triangle to the North End or elsewhere in Oakland to facilitate destination retail development in the Triangle. In addition, there will be costs to support a retail district in the Triangle to provide district management, supplement area maintenance and security, and oversee and manage retail parking in the area.

ASSUMPTIONS FOR ADDITIONAL PARKING GARAGES FOR NEW DESTINATION RETAILING

The Retail Implementation Strategy identifies the development of public parking garages as a significant catalyst for development of a destination retail district in the Valdez Triangle (see Policy IMP-3.1). The intent is to build the minimum parking needed to attract retailers and shoppers and support the desired destination retail development. The parking should be built in conjunction with destination retail development that meets the goals and criteria set forth in the Specific Plan.

For the estimates of parking costs shown herein, the costs for the initial Phase 1 development assume parking at three-to-four spaces per thousand square feet of destination retail space (i.e., 750-1,000 spaces for the initial 250,000 square feet retail). Under Phase 2, the costs for one or more additional parking garages are based on parking at 2.5 to 3.5 spaces per thousand square feet of destination retail, less 400 spaces assumed to be available in already existing garages nearby (estimating 725-1,175 additional spaces for 500,000 square feet retail). The combined result identifies estimates for additional parking garage development for 700,000 square feet of new destination retail space with a range of 2.1 to 3.1 spaces per thousand square feet or an average of 2.5 spaces per thousand square feet. The actual amount of additional parking needed and its costs will be market-driven and determined at the time of development. The cost estimates herein assume \$30,000 per space for new parking developed in a structured garage.

NORTH END PUBLIC REALM IMPROVEMENTS

Policy IMP-7.3

Undertake improvements in the North End as Phase 3 and Phase 4, giving priority to improvements along Broadway and Webster Street.

North End improvements focus on making the area more pedestrian-friendly and more attractive for existing and new uses in the area and for new development. Priority should be given to continuing streetscape improvements (a) up Broadway as the key transportation corridor and commercial spine through the area, and (b) along Webster to improve connections between Broadway and the medical center activities on Pill Hill. Improvements along Broadway will also help connect new retail activities in the Triangle with uses and activities in the North End. These Phase 3 improvements are estimated to cost about \$3 million, as shown in Table 8.4.

Phase 4 includes a range of improvements to enhance and encourage the expansion of activity in the North End. There are improvements that should be done as part of or in tandem with new development in the area, such as the

restoration of Glen Echo Creek and other improvements to enhance eastside neighborhood areas. There are also utility improvements that should be coordinated with new development, as it occurs over time. The Phase 4 improvements are estimated to cost approximately \$9 million, as detailed in Table 8.4.

8.4 FUNDING/FINANCING STRATEGY PLAN

The overall strategy of this funding/financing plan is to implement public realm and other improvements that will enhance the Plan Area and facilitate and support the private sector in providing the land uses and development envisioned in the Specific Plan.

GOAL IMP-3: A phased approach to funding and financing Plan Area improvements that strategically employs limited public resources to catalyze initial development with increased private funding as new development establishes itself.

8.4.1 FUNDING CONTEXT

FEWER AVAILABLE SOURCES WITH SIGNIFICANT FUNDING POTENTIAL

As with many California cities, the City of Oakland currently faces a paucity of funding sources for improvements of the types identified for the Plan Area. As of today (2013), Oakland is still recovering from the effects of the major economic recession (2007-2010) that reduced City tax revenues. With the demise of California Redevelopment and associated funding in 2012, the City's primary funding tool for redevelopment and revitalization has evaporated. In addition, there is significant competition for remaining federal, state and local grant funds. As a result, successful funding of public realm and other catalyst improvements is increasingly likely to require combinations of multiple funding sources and could take longer to implement.

MAJOR DESTINATION RETAIL DEVELOPMENT NEEDS PUBLIC FUNDING PARTICIPATION

Within this context, a common tendency is to consider shifting improvement costs to private development to the greatest extent possible. However, care must be taken not to overburden private development, especially given the City's objective of creating a significant destination retail district in the Valdez Triangle which requires public sector participation as described earlier (see section 8.2.1). In that case, the public provision of certain improvements will be critical to attracting and supporting destination retail development and funding gaps in project feasibility. In the past, Redevelopment funding, in particular, has enabled major destination retail development in many California cities.

CHANGES IN FUNDING ARE LIKELY OVER LONGER TERM PLANNING HORIZON

Although resources for funding public improvements are currently relatively scarce, the Specific Plan has a long term planning horizon (over 25 years). Within that time period much can change, including:

- Redevelopment or other increment-based funding may resurface in some form.
- Federal, state and local government grant programs may be replenished.
- Market improvements may allow for increased funding through impact fees and/or property-based assessments in the future.
- Community Facilities Districts may become more common in urban settings.

Thus, the funding plan should include both shorter-term and longer-term strategies.

8.4.2 OVERALL FUNDING STRATEGY

Given the context described above, the overall funding/financing strategy for the Specific Plan is intended to do the following:

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TABLE 8.4: PUBLIC REALM IMPROVEMENTS IN THE NORTH END: PHASES 3 AND 4

	ESTIMATED COSTS ^{1A/} (2012 \$)
Phase 3: Improvements Along Broadway and Webster	
Streetscape Improvements:	
• Improvements to Broadway (North End)	\$2,083,200
• Street tree planting along Webster Street	\$322,600
• I-580 Underpass enhancements on Broadway and Piedmont	\$147,000
Open Space Improvements:	
• Plaza Improvements - Broadway and Piedmont	\$294,000
<i>TOTAL</i>	<i>\$2,846,800</i>
TOTAL PHASE 3 IMPROVEMENTS	\$2.9 million
Phase 4: Other North End Improvements	
Open Space Improvements:	
• Plaza/Pedestrian Street b/w 30th and Hawthorne	\$1,838,800
• Creekside Linear Park Improvements (b/w 30th & 29 Streets)	\$968,400
• Creekside Linear Park Improvements (b/w 30th & Oak Glen Park)	\$496,000
Streetscape Improvements:	
• “Green Street” Improvements 29th Street (b/w Webster and creek)	\$286,500
• “Green Street” Improvements 30th Street (b/w Webster and creek)	\$299,400
• Streetscape Improvements to Brook Street	\$363,400
Street Improvements:	
• Enhance mid-block pedestrian connection b/w 30th & Hawthorne	\$295,800
Utility Infrastructure Improvements:	
• 30th Street Water Line Upsize	\$182,000
• 29th Street Water Line Upsize	\$126,000
• Hawthorne Avenue Upsize Water Line	\$147,000
• Culvert Relocation Improvements	\$ 2,132,200
Utility Undergrounding:	
• Including portions of Brook, 28th, 29th, 30th and Webster Streets	1,805,300 \$ 1,180,900
<i>TOTAL</i>	<i>\$8,940,800</i>
TOTAL PHASE 4 IMPROVEMENTS	\$8.9 million
^{1A/} Costs are order-of-magnitude, planning level estimates, developed in late 2012. Costs do not include sewer capacity expansion costs to be recovered through City of Oakland sewer fees. Source: BVDSP Consultant Team; City of Oakland	

- Give priority to funding improvements/investments that enhance market potentials and are catalysts for attracting private development and investment that meet the objectives of the Plan, increase the City's tax base, and enhance future funding potentials.
- Give high priority in the near term to allocating public funding for retail catalyst improvements in the Valdez Triangle Subarea, in recognition that the desired destination retail development will not occur without public funding and a significant investment up front.
- Provide public funding so that initial improvements occur in conjunction with, and as catalysts for, the first phases of destination retail development in the Valdez Triangle Subarea.
- As the market strengthens in the area and initial retail development occurs, consider possibilities for area-wide and private development funding in combination with public funding.
- For the longer term, identify and prioritize improvements throughout the Plan Area in order to be ready as new funding possibilities occur and others change over time.
- Stay committed over time to funding and implementing improvements that encourage and support achievement of the vision for the Broadway Valdez District set forth in the Specific Plan.

8.4.3 FUNDING STRATEGIES BY PHASE FOR RETAIL CATALYST PROJECTS AND OTHER PUBLIC REALM IMPROVEMENTS

Appropriate funding sources and financing mechanisms have been identified for Plan Area improvements. Potential funding strategies are presented by phase, for the different phases of implementation identified above. In many cases, it is likely that the successful funding of improvements will require combinations of multiple funding sources.

The suitability of funding sources can be summarized for categories of improvements. Improvements and investments that have city or large area-wide benefits

are often best funded either by direct local government expenditures, government grants, or combinations of the two. Impact fee programs that are either applied citywide or over a large area are often used to help fund some of these types of improvements. Improvements that primarily benefit distinct subareas or grouped development lend themselves to property owner-based, or occasionally business-based district or development assessment funding mechanisms. Improvements that primarily serve a small area or single development are usually privately funded.

The funding strategies by phase that follow identify appropriate funding sources and financing mechanisms categorized into three groups according to "who pays" for the improvement: (1) City and other public funding; (2) assessment district funding supported by groups of property owners or businesses; and (3) developer and other private sector funding. Within each group/category, there can be multiple, individual funding sources and mechanisms that could be used, as identified on the funding strategy charts for each phase. Descriptions of all of the potential funding sources and financing mechanisms that were evaluated are provided in the next section 8.4.4, following the funding strategies below.

FUNDING STRATEGY FOR INITIAL RETAIL CATALYST IMPROVEMENTS IN PHASE 1

Policy IMP-8.1

Commit public funding and City property as catalysts for initial retail development in the Valdez Triangle.

A potential funding strategy for initial retail catalyst improvements is outlined in Table 8.5. The funding sources identified for the initial catalysts are ones that are, or can be, available in the near future, and that could provide enough funding to complete the desired improvements. The funding sources emphasized with a bold "x" in the chart are the most important for implementing Phase 1.

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Implementation of Phase 1 catalyst improvements will depend on the commitment of City funding. The intent is to use public funding to attract and “jump start” development of destination retailing in the Valdez Triangle. The commitment of initial public funding has to be significant enough to “make a difference” by funding all or most of the initial catalyst improvements. Without such a commitment, the Plan’s vision for a new destination retail district is unlikely to be achieved.

Key funding sources for Phase 1 include:

- **Residual Redevelopment Bond Funds.** The Redevelopment Agency of the City of Oakland issued tax allocation bonds for use on redevelopment projects in the Central District Redevelopment Project Area, which includes the Valdez Triangle subarea. The Redevelopment Agency has since been dissolved, and the City, through the Oakland Redevelopment Successor Agency, holds and controls these “excess” bond proceeds. Commitment of these funds could provide significant funding for initial catalyst improvements. These funds offer the best option for implementation in the near future, and are extremely valuable in that regard. The Plan’s vision may not be achieved without a significant commitment of these funds.
- **Use of City-Owned Property.** The City’s property in the Valdez Triangle can be used directly or the property could be sold for use in a multi-site retail/mixed use development and the proceeds used for funding parking or other catalyst improvements (also see Policies IMP - 2.2 and 2.3).
- **City General Fund Monies.** Dedication of City General Fund monies could also be used for catalyst improvements, and could supplement the commitment of residual redevelopment funds, as needed. The rationale for dedication of General Fund monies to facilitate destination retail development would be to improve the City’s tax base in the future and generate sales tax increment revenues that exceed the initial investment of public funds.
- **Private Developer Contributions.** In addition to the main funding sources above, the private sector may contribute to implementing aspects of the streetscape and/or utility improvements, possibly including such things as special sidewalk treatments,

sidewalk widening, and/or special lighting as part of a retail development. The details of public realm improvements that might be undertaken by the private sector should be worked out at the time of City review and approval of proposed development, and will be affected by the extent of public participation in providing parking as well as the role of the City’s property in the development.

If the timing of initial catalyst improvements extends further into the future, there may be additional funding options that could be used. The chart in Table 8.5 identifies potential, additional funding sources with an “X” or a “P” if possible, pending legislation, policy direction, or other changes. These could include the following:

- OBAG Grants/Measure B funding that may provide funds for street and/or streetscape improvements, particularly if the Plan Area is adopted as a Priority Development Area (PDA) by the regional agencies, and especially if Alameda County voters were to pass an additional authorization of sales tax funding.
- Exploring the creation of a new parking fund within the City specifically dedicated towards developing additional retail parking in the Plan Area (discussed under Phase 2 below).
- Potential infrastructure financing district (IFD) funding if/when there is legislation enabling the use of an IFD in the Plan Area. There also could be another type of increment-based property tax funding established by State legislation in the future.

FUNDING PHASE 2 RETAIL CATALYST AND OTHER IMPROVEMENTS IN VALDEZ TRIANGLE

Policy IMP-8.2

Provide public funding to attract and support a critical mass of destination retailing, district-based funding for retail area management, and private development contributions.

Funding options for the remaining retail catalyst improvements in the Valdez Triangle under Phase 2 are outlined in Table 8.6. Phase 2 includes all of the improvements identified for the Retail District in the

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TABLE 8.5: POTENTIAL FUNDING STRATEGY FOR PHASE 1 INITIAL RETAIL CATALYST IMPROVEMENTS IN THE VALDEZ TRIANGLE

	ESTIMATED COSTS ^{/A/} (2012 \$)	CITY OR OTHER PUBLIC FUNDING SOURCES						DEVELOPER/PRIVATE	
		Residual Redevelopment Bond Funds	City Dedicated General Fund or GF Increment	Infrastructure Financing District	OBAG Grants / Measure B Funding	Use or Sale of City-Owned Property	Parking Revenue / Revenue Bonds	Developer Funding	City Development Impact Fees
OPTION A: PUBLIC REALM IMPROVEMENTS									
Open Space Improvements: Plaza Improvements - 24th and Harrison	\$967,800	X	X	P				X	P
Streetscape Improvements: • Improvements to 24th Street	\$890,400	X	X	P	X			X	P
Street Improvements: • Reconfigure 5-legged intersection - 24th and Harrison	\$750,000	X	X	P	X			X	P
Utility Infrastructure Improvements: • 24th Street Water Line Upgrades	\$131,600		X	P				X	
• Harrison Street Water/Sewer Line Upgrades	\$562,800	X	X	P				X	P
• Waverly Street Closure Improvements	\$658,800	X	X	P				X	P
Utility Undergrounding: 24th Street (1,025 feet)	\$473,200	X	X	P				X	
<i>SUBTOTAL</i>	<i>\$4,434,600</i>								
OTHER RETAIL CATALYST IMPROVEMENTS									
Parking Garage - Initial Parking Increment ^{/B/}	\$22.5-30 million	X	X	P		X	P		
City Purchase of Additional Retail Opportunity Site	TBD	X	X			X			
TOTAL	\$26.9 - 37.3 million								
<p>KEY: X = important, X = applicable, P = possible, pending adoption and/or legislation, policy, or other changes</p> <p>^{/A/} Costs are order-of-magnitude, planning level estimates, developed in late 2012. Costs do not include sewer capacity expansion costs to be recovered through City of Oakland sewer fees.</p> <p>^{/B/} Assumes 750-1,000 parking spaces to support 250,000 square feet of destination retail shopping</p> <p>Source: Hausrath Economics Group</p>									

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TABLE 8.6: POTENTIAL FUNDING STRATEGY FOR PHASE 2 RETAIL CATALYST IMPROVEMENTS IN THE VALDEZ TRIANGLE

	ESTIMATED COSTS ^{/A/} (2012 \$)	CITY OR OTHER PUBLIC FUNDING SOURCES				ASSESSMENT DISTRICTS		DEVELOPER/PRIVATE	
		City Dedicated General Fund or GF Increment	Infrastructure Financing District	OBAG Grants / Measure B Funding	Parking Revenue / Revenue Bonds	Property Based Special Assessments	Rule 20B Utility Undergrounding District	Developer Funding	City Development Impact Fees
REMAINING PUBLIC REALM IMPROVEMENTS									
Open Space (Plaza) Improvements:									
•Broadway and 25 th	\$ 3,782,300	X	P	X					P
•Broadway and 27 th	\$ 520,000	X	P	X					P
•Valdez and 27 th Streets	\$ 3,610,800	X	P	X					P
Streetscape Improvements:									
•Broadway	\$1,388,800		P	X		X		X	P
•Valdez Street	\$1,062,900		P	X		X		X	P
•27 th Street	\$1,334,900		P	X		X		X	P
Street Improvements:									
•Square Broadway/Webster/25 th Intersection	\$415,800		P	X				X	P
•New traffic Signals - Broadway at 23 rd and 24 th	\$742,000		P	X				X	P
•Enhance Bicycle Markings and Facilities	\$112,000	X	P	X		X		X	P
•Remove channelized turn SB Harrison to 27 th	\$423,100		P	X				X	P
•Remove channelized right-turn from WB 27 th to Broadway	\$450,700		P	X				X	P
•Remove channelized turns Valdez and 27 th	\$725,700		P	X				X	P
•New Traffic Signals at Harrison and 23 rd Streets	\$378,000		P	X				X	P
Utility Infrastructure Improvements:									
•Broadway Street Upsize Existing Water Line	\$357,000		P					X	
•26 th Street Storm Drain Improvements	\$ 1,416,100		P					X	P
•Valdez Street Water/Gas Line Upgrades	\$ 401,000		P					X	
•27 th Street Upsize existing Water Line	\$ 449,400		P					X	
Utility Undergrounding:									
•Including portions of 23 rd , 25 th , 26 th and Waverly Streets	\$ 1,180,900						X	X	
<i>SUBTOTAL</i>	<i>18,751,400</i>								
OTHER RETAIL CATALYSTS									
Parking Garage - Additional Parking Increment ^{/B/}	\$21.8–35.3 million	X	P	P	X	X		X	
Possible Relocation of Active Auto Dealerships	TBD	X							
TOTAL	\$40.6 - 54.1 million								
RETAIL DISTRICT MANAGEMENT AND SERVICES (Including Parking Program Management)	TBD					X			
<p>KEY: X = important, X = applicable, P = possible, pending adoption and/or legislation, policy, or other changes</p> <p>^{/A/} Costs are order-of-magnitude, planning level estimates, developed in late 2012. Costs do not include sewer capacity expansion costs to be recovered through City of Oakland sewer fees.</p> <p>^{/B/} Assumes 725-1,175 parking spaces for destination retail development.</p> <p>Source: Hausrath Economics Group</p>									

Valdez Triangle except those assumed to be implemented in Phase 1 (see Table 8.5).

The funding strategy for Phase 2 is to continue to use public funding to provide catalysts for further development of a critical mass of destination retail shopping in the Triangle. The strategy recommends use of City parking revenues to fund additional parking for destination retail. It recommends formulation of a strategy for relocating active auto dealerships to allow for development of a critical mass of retailing in the Valdez Triangle. In addition, the funding strategy for this phase also suggests use of benefit assessments or other types of district-based funding that enable services, retail district management, and possibly some public realm improvements to be funded by the property owners and/or businesses in the area. In addition, development-related funding is included, with potential for developer implementation of aspects of public realm improvements and/or the possibility of private funding through future development impact fees, if adopted. Overall, it is likely that a multiplicity of funding sources will be needed to complete implementation of all of the improvements identified for the Triangle subarea.

- Parking Revenues for Funding Additional Retail Parking.** The development of additional public parking will be important for attracting/supporting a larger critical mass of destination retail shopping in the Triangle. The City should explore establishing a new Parking Fund or Parking Enterprise Fund for the Broadway Valdez District. The Fund should be area-specific with the intent that funds would be spent on parking for comparison goods shopping of types called for in the Plan. The Fund would include revenues from parking, potentially including on-street parking, off-street parking, parking citations, and revenues from the City's parking tax. Funding from other sources also should be included as needed to provide the level of funding required for the desired parking improvements. It is essential that the Fund be created in a way that stipulates that it cannot be used for other purposes so as to provide a solid basis on which funding and financing mechanisms can be established for supporting development in the Area. In this way, the City could use the funding directly or to support revenue bonds

or other financing mechanisms for developing additional public parking.

- District-Wide Funding for Retail District Management and Services including Parking Program Management.** It also will be important to establish an assessment district for the entire Triangle Retail District subarea. The assessment district could be responsible for providing additional security, additional common area/public realm maintenance, marketing, and district management, including parking program management. The district would be funded by property owners and, potentially, businesses in the Retail District. Although portions of the Triangle are within the existing Lake Merritt Uptown Community Benefit District (LMU CBD), a separate CBD should be established for the entire Valdez Triangle subarea to focus on meeting the specific needs of the Triangle Retail District. The current LMU CBD (see Figure 8.7) will require a new engineering study and readoption in 2018. Creation of a new CBD specific to the Retail District should be considered at that time, if not sooner.
- Public Funding May be Needed to Help Relocate Auto Dealerships.** Possible costs to relocate active auto dealerships to enable destination retail development could be needed and potentially funded by dedication of City General Fund monies. The General Fund will benefit through higher tax revenues from the new retail development and the retention of current sales tax revenues from the relocated auto dealers.
- Public and Private Funding for Public Realm Improvements.** The funding of public realm improvements in Phase 2 shifts away from reliance on City dedicated sources towards competitive local grants and possible Infrastructure Financing Districts (IFDs) that may be viable in the future. In addition, development-related funding is also assumed, including direct developer implementation of improvements as well as funding through City development impact fees if adopted.

It is important to note that the funding strategy outlined above for Phases 1 and 2 in the Valdez Triangle encourages and supports the type of destination retail development desired in the Specific Plan that Oakland

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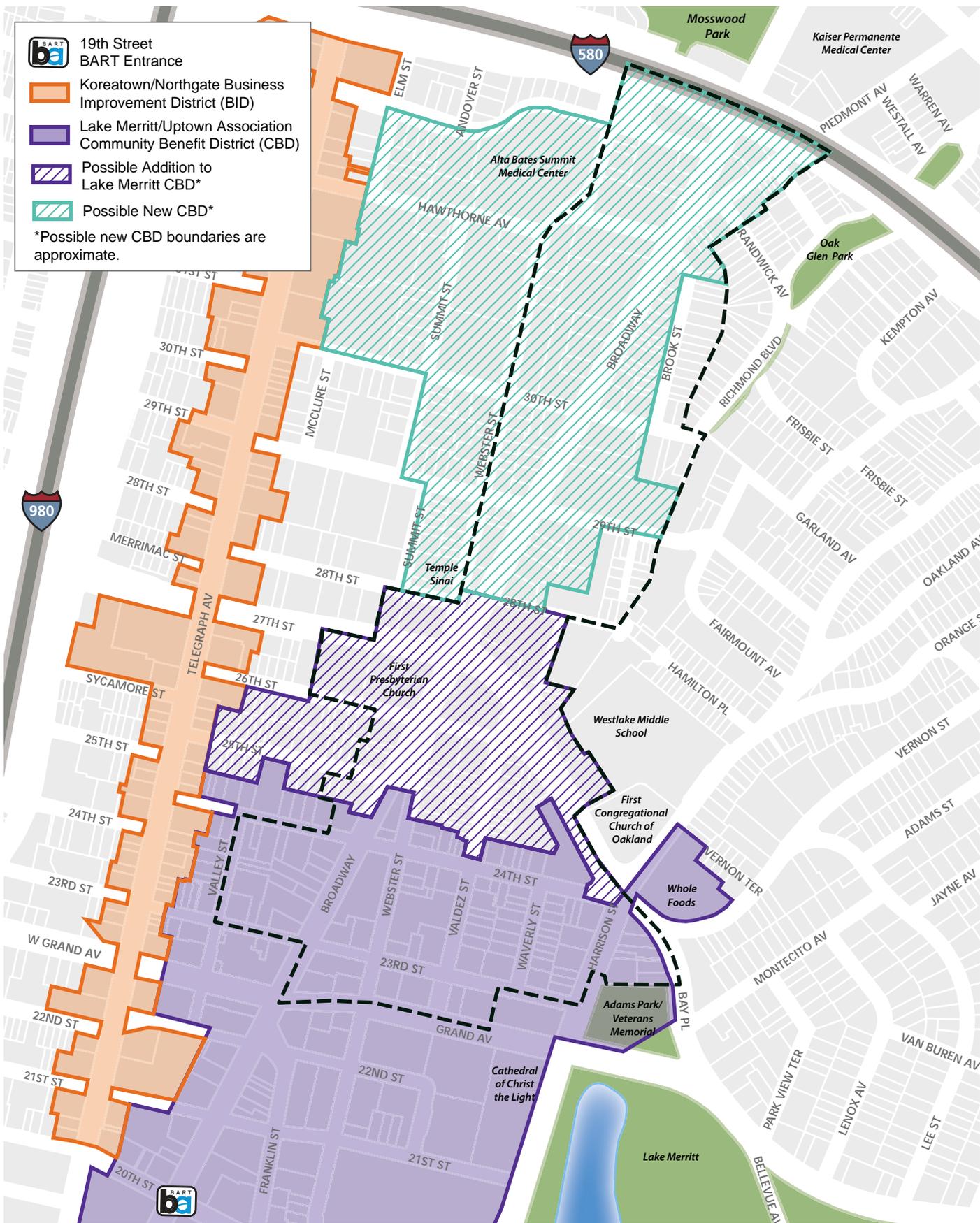


FIGURE 8.7: EXISTING BUSINESS IMPROVEMENT DISTRICTS

0 300 ft 600 ft

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TABLE 8.7: POTENTIAL FUNDING STRATEGY FOR PHASE 3 AND 4 IMPROVEMENTS IN THE NORTH END

	ESTIMATED COSTS ^{/A/} (2012 \$)	CITY OR OTHER PUBLIC FUNDING SOURCES				ASSESSMENT DISTRICTS		DEVELOPER/PRIVATE		
		City Dedicated General Fund or GF Increment	Infrastructure Financing District	OBAG Grants / Measure B Funding	Parking Revenue / Revenue Bonds	Property Based Special Assessments	Rule 20B Utility Undergrounding District	Developer Funding	City Development Impact Fees	Private Grants
PRIORITY 3 IMPROVEMENTS ALONG BROADWAY and WEBSTER										
Open Space Improvements: • Plaza Improvements - Broadway and Piedmont	\$294,000		P	X		X		X	P	
Streetscape Improvements: • Improvements to Broadway (North End)	\$2,083,200	X	P	X		X		X	P	
• Street tree planting along Webster Street	\$322,600		P	X		X		X		
• I-580 Underpass enhancements on Broadway and Piedmont	\$147,000					X		X		X
Total Phase 3 North End Subarea Improvements	\$2,846,800									
PRIORITY 4 OTHER NORTH END IMPROVEMENTS										
Open Space Improvements: • Plaza/Pedestrian Street b/w 30th and Hawthorne	\$1,838,800		P	X		X		X	P	
• Creekside Linear Park Improvements (b/w 30th & 29 Streets)	\$968,400				X	X		X	P	
• Creekside Linear Park Improvements (b/w 30th & Oak Glen Park)	\$496,000				X	X		X	P	
Streetscape Improvements: • "Green Street" Improvements 29th Street (b/w Webster and creek)	\$286,500			X		X		X		
• "Green Street" Improvements 30th Street (b/w Webster and creek)	\$299,400			X		X		X		
• Streetscape Improvements to Brook Street	\$363,400			X		X		X		
Street Improvements: • Enhance mid-block pedestrian connection b/w 30th & Hawthorne	\$295,800		P	X		X		X	P	
Utility Infrastructure Improvements: • 30th Street Water Line Upsize	\$182,000							X		
• 29th Street Water Line Upsize	\$126,000							X		
• Hawthorne Avenue Upsize Water Line	\$147,000							X		
• Culvert Relocation Improvements	\$2,132,200							X		
Utility Undergrounding: • Including portions of Brook, 28th, 29th, 30th and Webster Streets	\$1,805,300						X	X		
<i>TOTAL</i>	<i>\$8,940,800</i>									
Total Phase 4 North End Subarea Improvements	\$8,940,800									

KEY: X = important, X = applicable, P = possible, pending adoption and/or legislation, policy, or other changes

^{/A/} Costs are order-of-magnitude, planning level estimates, developed in late 2012. Costs do not include sewer capacity expansion costs to be recovered through City of Oakland sewer fees.

Source: Hausrath Economics Group

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has had difficulty attracting and retaining. If the desired retail development does not occur, the future development strategy would be much less dependent on catalyst projects requiring public funding, and would rely more on private sector funding from new development on a project-by-project basis.

FUNDING PUBLIC REALM IMPROVEMENTS IN THE NORTH END UNDER PHASE 3 AND PHASE 4

Policy IMP-8.3

Pursue private developer, district-based, and public grant funding for Phase 3 and Phase 4 improvements.

The potential funding strategy for Phases 3 and 4 is presented in Table 8.7. These phases include public realm improvements continuing up Broadway from the Valdez Triangle to the North End subarea. These improvements are intended to enhance the pedestrian environment and support increased activity and new development in the North End. The improvements identified as Phase 3 occur along the area's main street, Broadway, and along Webster, linking Broadway to Pill Hill above. In Phase 4, there are a number of improvements that will primarily benefit either individual properties or groups of properties in a part of the subarea. The funding strategy for improvements in the North End relies heavily on new development in the area and possible assessment district funding from property owners. It also includes potential public funding primarily through competitive grants.

- **District and Developer/Private Funding.** Private development in the area is assumed to fund or contribute to funding improvements identified for the North End, particularly those associated with and benefiting specific properties or groups of properties.
- **District Funding.** Property-based special assessments through an area-wide district could provide some funding for public improvements, particularly those of area wide benefit that are not easily or fully funded on the basis of project-by-project development. A primary purpose of an assessment district is also to provide maintenance and other services for the area.

- **Public Funding/Competitive Grants.** The strategy also focuses on seeking competitive grant funding for several of the improvements, particularly improvements along Broadway. Public funding through an infrastructure financing district (if viable) or through a large, citywide General Obligation bond (if occurs) might be used to supplement grant funds. The latter would be most applicable for improvements of area-wide benefit that cannot be fully funded by other sources.

The actual funding strategy that is implemented for public realm improvements in the North End will depend on eventual land use and development in the area. For example, there will be greater opportunity for developer funding of improvements under a scenario with more new development of medical office and/or residential projects. The funding of improvements under a future scenario with more reuse and intensification of uses in existing buildings and/or one with more retail activity and retail development will likely need to be supported by more district-based and public funding sources.

8.4.4 POTENTIAL FUNDING SOURCES AND FINANCING MECHANISMS

Funding sources and financing mechanisms that could potentially be used to fund improvements in the Plan Area are identified and briefly described in this section. They include:

- **Public Funding Sources:** City and other public funding sources. These will be important for facilitating and supporting destination retail development and improvements of area wide and city wide benefit.
- **Assessment or District Funding, Developer/Landowner Funding, and Other Private Sources:** Area funding mechanisms supported by groups of property owners or business owners in the area, and developer/landowner funding of improvements associated with specific developments or properties.

Potential funding sources are summarized in the matrix in Table 8.8. The matrix has columns to identify

funding sources and mechanisms, suitability for types of improvements, enactment requirements and whether demonstration of a “nexus” or “special benefit” is required, allowable uses and constraints, and other comments.

The potential funding sources and mechanisms are further described below. Sources are organized according to funding responsibility. City and other public funding sources are discussed first followed by funding using mechanisms supported by groups of property owners or business owners and by individual development projects.

PUBLIC FUNDING SOURCES

RESIDUAL REDEVELOPMENT FUNDS

The Redevelopment Agency of the City of Oakland issued tax allocation bonds for use on redevelopment projects in the Central District Redevelopment Project Area, which includes the Valdez Triangle subarea. The Redevelopment Agency has since been dissolved, and the City, through the Oakland Redevelopment Successor Agency, holds and controls these “excess” bond proceeds. These funds could be used for public facilities (including parking garages), public infrastructure (such as roadway and intersection improvements), other public improvements (such as plazas and streetscape), and grants (such as for facade/tenant improvements) in the Valdez Triangle.

USE OF CITY-OWNED PROPERTY

The City owns a property in the Valdez Triangle that was purchased to facilitate destination retail development in the area. The land can be used to facilitate multi-site retail development through partnering or other arrangements, or the land could be sold to be part of a multi-site retail/mixed use development and the proceeds used to fund public parking or other area improvements/infrastructure. (See Retail Implementation Strategy, Policy IMP-2.2).

USE OF PARKING REVENUES

The City collects revenues from parking that are no longer dedicated for parking purposes. However, such revenues can provide an important source of funding for development of additional public parking to attract and support the development of a critical mass of destination retail shopping in the Valdez Triangle as called for in the Plan. To take advantage of that source of funding, the City could establish a new Parking Fund or Parking Enterprise Fund for the Broadway Valdez District. The Fund should be area-specific with the intent that funds would be spent on parking for comparison goods shopping of types called for in the Plan. The Fund would include revenues from parking potentially including on-street parking, off-street parking, parking citations, and revenues from the City’s parking tax. Funding from other sources also should be included as needed to provide the level of funding necessary for the desired parking improvements, particularly in the early phases of retail development. It is essential that the Fund be created in a way that stipulates that it cannot be used for other purposes so as to provide a solid basis on which funding and financing mechanisms can be established for supporting development in the Area. In this way, the City could use the funding directly or to support revenue bonds or other financing mechanisms for developing additional public parking.

In the future, the Plan anticipates that additional parking meters will be added in the Plan Area, and that street parking will be used more intensively, thereby increasing parking meter revenues over time. Once the initial catalyst improvements are completed and new retail development occurs, revenues from one or more new public parking garages will generate additional parking garage revenues that would also be added to the Fund. The development of new parking garages in the Area will also require the dedication of existing parking revenues, particularly in the early phases. Depending on the magnitude of parking revenues that are dedicated to the Fund, other revenues may also be needed, such as other General Fund revenues (initially) and General Fund increments generated by new retail development in the area over time (also see below).

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TABLE 8.8: SUMMARY MATRIX OF POTENTIAL FUNDING SOURCES AND MECHANISMS

SOURCE OF FUNDS	FUNDING MECHANISM	MOST SUITABLE FOR:	ENACTMENT REQUIREMENTS
PUBLIC SOURCES			
Residual Redevelopment Funds (if any)	Project designation and dispersal of funds	Targeted Retail Catalyst improvements within Triangle Subarea	Pending receipt of "notice of completion" from State of California
Use of City Owned Property	Partnering in development, or sale and use of proceeds	Facilitating development, or funding parking garage or other improvements	City Council approval
Use of Parking Revenues	Use of direct revenues and/or potential revenue bonds	Parking garage construction or funding of parking management services	City Council approval
Local Public Grants for Transportation including OBAG Grants, Measure B funding	Grant funding	City or large area wide improvements or improvements to foster specific goal (e.g. bicycle and pedestrian safety)	Competitive by project and jurisdiction for Fed'l funds allocated to MTC member counties (OBAG) distributed by ACTC. ACTC allocation of local Measure B sales tax funds
Use of existing General Fund (GF) or Future GF Revenue Increment	Budget designation of existing or future increment of GF revenues such as Property Tax, Parking Meter, Sales Tax, or Business License Tax or other Revenue	Retail catalyst, large area wide improvements, or improvements with other citywide significance	Legislative body (City Council) revenue allocation decision
Infrastructure Financing District (IFD)	Property tax increment bond financing, but increment more limited than in former redevelopment areas	Area wide improvements needed to eliminate "blight"	Under current law requires 2/3 majority voter approval
General Obligation Bonds (ex. Measure DD for parks)	Property tax assessment	Improvements specified on Bond measure.	Requires super majority (2/3) citywide voter approval
ASSESSMENT OR DISTRICT FUNDING AND OTHER PRIVATE SOURCES			
Benefit Assessment Districts	Property tax assessment	District-wide improvements	Requires majority property owner approval
Business or Parking Improvement Districts (BIDs)	Property based (type and square footage) or business based (usually business type and % of gross proceeds) assessment	District-wide improvements or services	Requires majority approval by property or business owners weighted by proposed assessment
Rule 20B Undergrounding Assessment District	Property tax assessment	Undergrounding of utilities (usually overhead electric) in specific district area	Requires majority property owner approval.
Community Facilities Districts (CFDs. Aka "Mello-Roos" Districts)	Property tax assessment	Area wide improvements or improvements for a single (large) development	Requires 2/3 property owner approval if 12 or fewer registered voters in proposed district, 2/3 approval by registered voters if > 12.
Development Impact Fees	One time fees levied on new development at time of building	City or large area wide improvements, or improvements with citywide significance	Legislative body enacts
Developer Funding	Direct payment	Improvements primarily benefiting a specific development	Use limited to city review and restrictions, if applicable.
Private Grants	Private funds distributed for a specific purpose	Relatively small improvements targeting a specific goal.	Use limited to city review and restrictions, if applicable.

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ADMINISTERED BY:	NEXUS OR SPECIAL BENEFIT?	ALLOWED USE AND CONSTRAINTS	OTHER COMMENTS
City	No	Use restricted to Central District Redevelopment area for which funds were originally acquired.	Probable competition for use within former Central District Redevelopment Plan area.
City	No		Property purchased to facilitate destination retail development.
City	No	Existing City parking revenues are no longer dedicated for parking purposes only. Commitments needed as revenues must be dedicated for funding and financing improvements.	Competition for these funds for other City services and improvements
City, once received from ACTC	No	Public transit, streetscape, bicycle, pedestrian, transit center, street and traffic improvements. - Priority Develop. Area (PDA) improvements given preference and BVSP PDA designation is pending plan completion.	Competitive annual allocations. Future Measure B funding would have been greatly enhanced by passage of narrowly defeated Measure B1 on Nov. 2012 ballot.
City	No	Highly flexible. Allowed uses based on City Council policy direction.	City may be unwilling to forgo even a temporary dedication of GF revenues given competing funding priorities.
City	No	<ul style="list-style-type: none"> • Limited to funding of certain infrastructure / capital facilities • Currently cannot be established within former redevelopment area • Limited property tax increment - No power of eminent domain 	Currently rarely used. Gov. Brown vetoed SB 214 in 2012 which would have repealed voter approval requirements among other changes. Future amendment attempts likely.
City	No	<ul style="list-style-type: none"> • Limited to funding of infrastructure/capital facilities specified on bond measure 	Difficult to get citywide 2/3 voter approval. Overall municipal debt limits must be adhered to.
City	Yes - Special Benefit	<ul style="list-style-type: none"> • Specifics depend on type of assessment district formed • Facilities/activities to be funded must be identified prior to adoption 	Improvements/services must provide a special benefit to the properties. City of Oakland as a charter city has more flexibility in types/uses of districts than non-charter cities.
Separate Independent District	Yes - Special Benefit	<ul style="list-style-type: none"> • BIDS are a subcategory of special assessment districts • Can be property or business based • Can be used for services as well as improvements • Districts with residential properties are Community Benefit Districts (CBDs) 	Portion of BVSP Triangle subarea already in the Lake Merritt/Uptown CBD Current assessment covers limited specified service costs only. LMU CBD expires 2018.
City / Utility Provider (PG&E)	Yes - Special Benefit	<ul style="list-style-type: none"> • Limited to undergrounding of utilities only 	Feasible alternative to oversubscribed Rule 20A program.
City	No	<ul style="list-style-type: none"> • Funding of private or public infrastructure/capital facilities and some services • Bond financing allowed 	Infrequently used in developed areas due to voter approval requirements. May increase in popularity given dearth of alternatives.
City	Yes - Nexus	<ul style="list-style-type: none"> • Requires documentation of nexus and fee calculations • Generally interpreted as limited to funding of infrastructure/capital facilities 	City considered but did not approve funding for an impact fee nexus documentation study in 2009. City may revisit, particularly to fund transportation improvements.
Developer	No	<ul style="list-style-type: none"> • Funding of private or public infrastructure/capital facilities or services • May require legal agreements 	Highly variable depending on development's resources and strength of market.
City Department or Agency	No	Funding of private or public infrastructure/capital facilities or services allowed	Dependent on competitive bids for grant funding.

8. IMPLEMENTATION, PHASING AND FINANCING

PUBLIC GRANTS FOR TRANSPORTATION

The Metropolitan Transportation Commission (MTC) administers and distributes funds to Bay Area counties for One Bay Area Grants (OBAG). OBAG grants are funded by federal transportation funds for transportation-related projects and programs which in turn help support implementation of California's state climate law (the codification of Senate Bill 375, Steinberg, 2008). According to the OBAG implementation requirements, 70 percent of OBAG funds must go to projects located in Priority Development Areas (PDAs). The Broadway/Valdez District will be considered for PDA designation once the Specific Plan is completed and adopted.

In Alameda County, OBAG funding from MTC is allocated to specific projects by the Alameda County Transportation Commission (ACTC). ACTC also allocates funds from local Alameda County Measure B sales tax proceeds. Measure B generates several millions of dollars per year for multi-modal and other transportation related projects. The funds are distributed through several competitive programs including grants for bicycle and pedestrian improvements and also funding for local streets and roads (paving). The City of Oakland was very successful in receiving OBAG grants in 2013; the next cycle for application will be in 2016. Measure B funding is passed-through to the City until 2020. These funds are spent on transportation operations and capital projects wherever possible; most projects consist of paving and sidewalk repair, traffic signal replacement, and other basic transportation infrastructure that has already significantly outlived its useful life. Measure B1, a reauthorization of the Measure B sales tax, was narrowly defeated on the November 2012 ballot. This measure would have extended and significantly increased local sales tax funding for transportation-related projects. It may return to the ballot in 2014 or 2016.

FUTURE USE OF PROPERTY AND /OR SALES TAX REVENUE INCREMENTS

The Metropolitan Transportation Commission (MTC) New development, reuse, and increases in business activity in the Plan Area will affect property tax and sales tax revenues to the City. Tax revenue increments can support funding for public realm and other improvements in the area. Over time, the City Council could choose to allocate increased tax revenues from the Plan Area to fund capital improvements that would benefit the Plan Area and facilitate further growth of tax revenues in the future. The Council could also choose to allocate existing General Fund revenues in the nearer term to facilitate development in the Plan Area so as to generate substantial additional tax revenues in the future.

- **Property Tax Revenue Increments.** In 2012, property in the Broadway/Valdez District contributed about \$780,000 in property tax revenue to the City General Fund (about 0.6 percent of the total citywide). New development within the Plan Area in the future will increase assessed values and associated property tax revenues. The pace and level of increased assessed values and tax revenues will depend on the pace and level of new development over time. Estimates developed for build-out of the Specific Plan development program over the next 25 years, indicate that property tax revenues could increase by up to \$4 million per year at build-out (in constant 2012 dollars).
- **Sales Tax Revenue Increments.** Business activity in the Plan Area generated \$2.2 million of sales tax revenue to the City in 2011, accounting for 5.5 percent of total sales tax revenues citywide. Existing sales tax revenues are primarily generated by the auto dealerships in the Plan Area. New development in the Plan Area that emphasizes creation of a new destination retail district in the Valdez Triangle will increase retail sales and associated sales tax revenues for the City. The future net increase or increment of sales tax revenues from development in the Plan Area, however, will depend on the extent that new development retains or displaces existing auto dealerships and the sales tax revenues they generate.

Estimates developed for build-out of the Specific Plan development program including the new destination retail district, indicate that the net

increase in sales tax revenues from the Plan Area could be \$1.25 million per year (in 2012 dollars) after accounting for a loss of over \$1.3 million per year from primarily auto-related retail uses displaced by the new development. The increment of sales tax revenue from Plan development would be larger, or \$2.55 million per year (in 2012 dollars), if the auto dealerships were relocated within the Plan Area or to other locations in Oakland. If the Plan Area develops as a mixed use district without major destination retailing and without retaining the auto dealerships, there could be a substantial net loss of sales tax revenues to the City.

INFRASTRUCTURE FINANCING DISTRICTS

Although thus far rarely used, Infrastructure Financing Districts (IFDs) allow tax increment funding and financing of public improvements subject to approval of voters within the proposed IFD. Under current state law, IFDs may not be formed in previously designated redevelopment areas, curtailing use of this funding mechanism for most of the Plan Area. Senate Bill 214, considered in the 2012 state legislative session, would have removed the prohibition against use in redevelopment areas and also changed the voter requirement to a majority vote of the jurisdiction's legislative body (e.g., Oakland City Council). SB 214 was passed by the California legislature but vetoed by the Governor. It is likely that future bills similarly amending IFD requirements will continue to be proffered in succeeding legislative sessions.

GENERAL OBLIGATION BONDS

Property tax based bonds for specifically identified capital improvements require a two-thirds "super majority" voter approval. The super majority is often difficult to achieve. Bond measures are jurisdiction or district wide and are not suitable for smaller area projects. However, specific improvements located within the Plan Area could be included as part of a future general obligation bond measure. One recent example is Measure DD, which is funding a number of park and other public projects within the City.

DISTRICT ASSESSMENTS AND OTHER PRIVATE SECTOR FUNDING SOURCES

BENEFIT ASSESSMENTS AND BENEFIT ASSESSMENT DISTRICTS

"Benefits assessments" generally describe a funding mechanism that enables property owners to pay for infrastructure or other benefits above those facilities or services which are provided to the general public through use of tax revenue or other funding. The City of Oakland is a charter city which allows it more latitude to levy benefit assessments without specific authority derived from state statutes. Benefit assessments are typically levied after formation of a special benefit assessment district. An engineering report is required to support calculations of the amount of assessment by benefit derived. Assessment districts may be created without voter approval but may also be eliminated based on the petition of a majority of property owners (weighted by assessment). Consequently, most agencies prefer to create assessment districts only at the request of property owners or after a majority vote of approval. A few types of assessment districts that may be particularly applicable to the Plan Area are described below.

- **Business Improvement Districts and Community Benefit Districts.** Business improvement districts (BIDs) and community benefit districts (CBDs) are formed by property owners or business owners to fund such things as street furniture, extra public security, median landscaping, graffiti removal and general sidewalk cleaning, parking, and hosting of events aimed at attracting consumers to the BID/CBD area. BIDs may be property-based and assessed or business-based and assessed. CBDs are similar to BIDs but also include and assess residential property. BIDs/CBDs require an engineering report to identify and allocate assessments by land use or business type. BIDs/CBDs require a majority vote with votes weighted by the calculated benefit to the property or business.

The existing Lake Merritt Uptown Community Benefit District (LMU CBD) already includes about half of the Valdez Triangle subarea (approximately West Grand to north side of 24th Street), as shown in Figure 8.7. The annual assessments on commercial

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properties in the district depend on the property and include almost \$0.07 per square foot of building space, \$0.06 per square foot of parcel area, and over \$8.63 per linear foot of street frontage. Assessment in the LMU CBD for residential properties is \$0.21 per square foot of building space. In 2012, the Triangle properties in the LMU CBD contributed \$168,000 to support the district. The current LMU CBD expires in 2018. It could be expanded to include the entirety of the Valdez Triangle subarea at that time, or an entirely new CBD/BID could be formed, specific to and tailored to the needs of the new destination retail district and the properties and businesses in the Triangle. A CBD/BID also could be formed in the North End, as appropriate.

- **Parking Assessment Districts.** Under several state laws (e.g. the Parking District Law of 1943 and the Parking District Law of 1951), parking assessment districts may be formed to provide for construction and payment of parking garages (bond financing) and/or for providing parking services. The funding strategies identified in the prior section do not propose a parking assessment district mechanism for providing retail parking in the Valdez Triangle. Such funding would come from property owners, when the intent is to provide other funding for parking as a catalyst to attract and support destination retail development. The funding strategies also identify parking management in the Triangle as included under a broader CBD (see above) rather than as a separate parking assessment district.
- **Undergrounding Assessment District (20A and 20B).** The California Public Utilities Commission (PUC) Rule 20 provides for the undergrounding of overhead utilities at the request of a public agency or in conjunction with private development. For undergrounding projects within the City of Oakland, efforts are coordinated with Pacific Gas and Electric Company (PG&E). Based on Rule 20A, electric utility undergrounding costs are shared with PG&E and other public funds. However, there is over a 40-year waiting list for inclusion in the Rule 20A undergrounding program. Under Rule 20B, there is a relatively minimal waiting period but costs are entirely paid by property owners through an assessment district.

COMMUNITY FACILITIES DISTRICTS

Also known as “Mello-Roos” districts, Community Facilities Districts (CFDs) can be formed to acquire bond financing to fund capital improvements and certain services. Bonds are paid off with additional property tax assessments on properties within the CFD. Because of the approval requirements that proposed districts with more than 12 property owners must be approved by two-thirds of registered voters, CFDs have typically been created to fund infrastructure in newly developing areas with few existing land owners. It remains to be seen if CFDs will become commonly used in already developed, infill areas.

DEVELOPMENT IMPACT FEES

Development impact fees are a commonly used method of collecting a proportional fair share of funds from new development for infrastructure improvements and other public facilities to serve the development. With rare exceptions, development impact fees are restricted to funding capital costs. Adoption of impact fees requires “nexus” documentation demonstrating the benefit of the facilities to new development and the proportional allocation of costs to be funded by the fees. Impact fees must be adopted by a majority of the legislative body of an entity with the power to impose land use regulatory measures (e.g., Oakland City Council). Impact fees are usually imposed either jurisdiction-wide or in other relatively large areas anticipating significant amounts of new development (e.g., the Greater Downtown Oakland area). The City of Oakland considered a transportation impact fee nexus study in 2009, but did not proceed at that time due to the recession and related budgetary constraints. The City may reconsider implementation of an impact fee program especially for transportation-related improvements.

PRIVATE GRANT FUNDING

Some public realm improvements may attract private or quasi-public grant funding especially for artistic or recreational facilities (e.g. grants for the arts for

underpass murals). The City would have to provide the funding and resources for coordination, management, and maintenance of these facilities unless other arrangements could be made.

8.5 AFFORDABLE HOUSING IMPLEMENTATION STRATEGY

GOAL IMP-4: A policy and funding strategy that facilitates the development of housing in the planning area that is affordable to a cross-section of the community.

8.5.1 AFFORDABLE HOUSING OBJECTIVE

To continue Oakland's track record of providing affordable housing for its residents, the Plan Area should target 15 percent of new units built in the Plan Area for low and moderate income households, consistent with state redevelopment law. The financing method for new affordable units is uncertain given the dissolution of Redevelopment Agencies, previously the primary generator of affordable housing financing. However, the City is committed to undertaking new initiatives to develop funding mechanisms to produce affordable housing in the Plan Area and Citywide.

To bolster the existing diverse community in the Plan Area, and to encourage continued diversity, the Plan discourages over-concentration of affordable or other special needs housing within one area or development. Instead, such housing should be distributed throughout the planning area and well integrated with general market-rate housing either as part of mixed income developments or as stand-alone affordable housing developments in mixed income neighborhoods. Given the desire to promote the use of transit and reduce vehicle trips, particular emphasis should be placed on providing workforce housing that is affordable to those who work in the area's commercial businesses and nearby medical campuses.

8.5.2 FUNDING CONTEXT

Most affordable housing in the Plan Area is expected to be funded with a mix of local and non-local sources, including Low Income Housing Tax Credits (LIHTC), Federal HOME funds, mortgage revenue bonds, and HUD funds. With few exceptions, non-local subsidy sources are not adequate, even in combination, to fully subsidize the cost differential to make new housing development affordable to low and moderate income households. It is anticipated, however, that the City will continue its collaboration with the Oakland Housing Authority to provide project based vouchers that subsidize rents to market level while sustaining affordability for residents.

Up until the dissolution of the City's Redevelopment Agency (ORA) on February 1, 2012, redevelopment-generated tax increment was the most important local source of funding for affordable housing. Oakland dedicated 25 percent of the tax increment funds to affordable housing (10 percent more than required by the state law). Prior to the loss of Redevelopment, the City usually had 10 to 15 million dollars annually for its housing Notice of Funding Availability (NOFA). With the loss of redevelopment and cuts to Federal funds, there will be a reduction of funds available per year that will create a large financing gap for affordable units.

The City is looking at several options to fill the financing gap. Recently, the City Council endorsement of a proposal to dedicate 25 percent of the property tax it receives to the production of affordable housing (see discussion under Affordable Housing Implementation Strategies). Additionally, Oakland will continue to support and advocate for pending legislation to support affordable housing development such as SB 391, the Homes and Jobs Act. Due to declining federal financial assistance for affordable housing, the dissolution of the City's Redevelopment Agency, and a lack of a citywide inclusionary housing requirement, a menu of creative strategies is required to meet the affordable housing needs for the Plan Area. These strategies are presented below.

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8.5.3 POTENTIAL FUNDING SOURCES, INCENTIVES AND STRATEGIES

Incentive programs may help to expand affordable housing opportunities. Although the market feasibility study conducted for this Plan concludes a relatively grim forecast for the likelihood of new housing being constructed in the next 5 to 10 years, this planning document has a planning horizon of 25 years, with ultimate build-out forecast for 2035. Thus, incorporating a phased system of incentives once the market picks up could be a component of the Plan, however feasibility studies are needed to determine the impact of such programs.

Currently, the City is undertaking a feasibility study for incentivizing or requiring community benefits such as affordable housing. Depending on the results of this study, future programs may be put in place to assist with meeting affordable housing goals. It is important that incentives and requirements for affordable housing be addressed on a citywide level.

Policy IMP-9.1

Encourage the provision of new housing affordable to low- and moderate-income households within the Plan Area through a menu of creative options.

Policy IMP-9.2

Continue to explore, in coordination with affordable housing stakeholders, innovative and creative ways to support the production of affordable housing.

Policy IMP-9.3

Fully utilize the State-mandated bonus and incentive program for the production of housing affordable to a range of incomes, and advocate for increases to federal/state/local funding for affordable housing to support affordable housing development and for new sources of funding at the federal/state/local level.

Policy IMP-9.4

Explore the formulation and adoption of a comprehensive citywide inclusionary housing policy that addresses concerns from all constituents.

Parking Incentives. The zoning regulations prepared for this Plan will include a reduction in required parking spaces for affordable housing projects. These reductions will be outright permitted. Affordable housing developers will not need a conditional use permit nor will they need to apply for the State mandated density bonus program reduction. Reductions in required parking without a conditional use permit will also apply to senior housing. Similarly, reductions in open space will be permitted for affordable and senior housing developments. These reductions are shown in the Zoning Code in Appendix B.

Affordable Housing Site Suitability Analysis. Given the importance of Federal Low Income Housing Tax Credits (LIHTC) in financing affordable housing, sites that are good candidates to be eligible for such tax credits have been identified to assist with addressing the affordable housing target set out in this Plan. Sites most competitive to receive tax credits along the corridor are those sites in close proximity to transit and services such as grocery stores and medical services, ample density, and large parcel size. These sites are identified in Figure 8.8.

Affordable Housing Unit Types. The average household size in the Plan Area is 1.8 and 90 percent of Plan Area households rent their homes (compared to a Citywide average household size of 2.49 and a 60 percent renter occupancy rate). Housing projects in the Plan Area and nearby areas include proportionally more adults and fewer children than households residing in the rest of Oakland. Young adults, aged 18-34, constitute a greater share of the Plan Area relative to the rest of the City. The Plan Area includes proportionally more employed persons and seniors than in other parts of Oakland. Affordable units should be sized to support the area's small households including studios, 1 bedrooms and "micro-units" for single individuals, couples, empty nesters and seniors and people working nearby, in downtown and in

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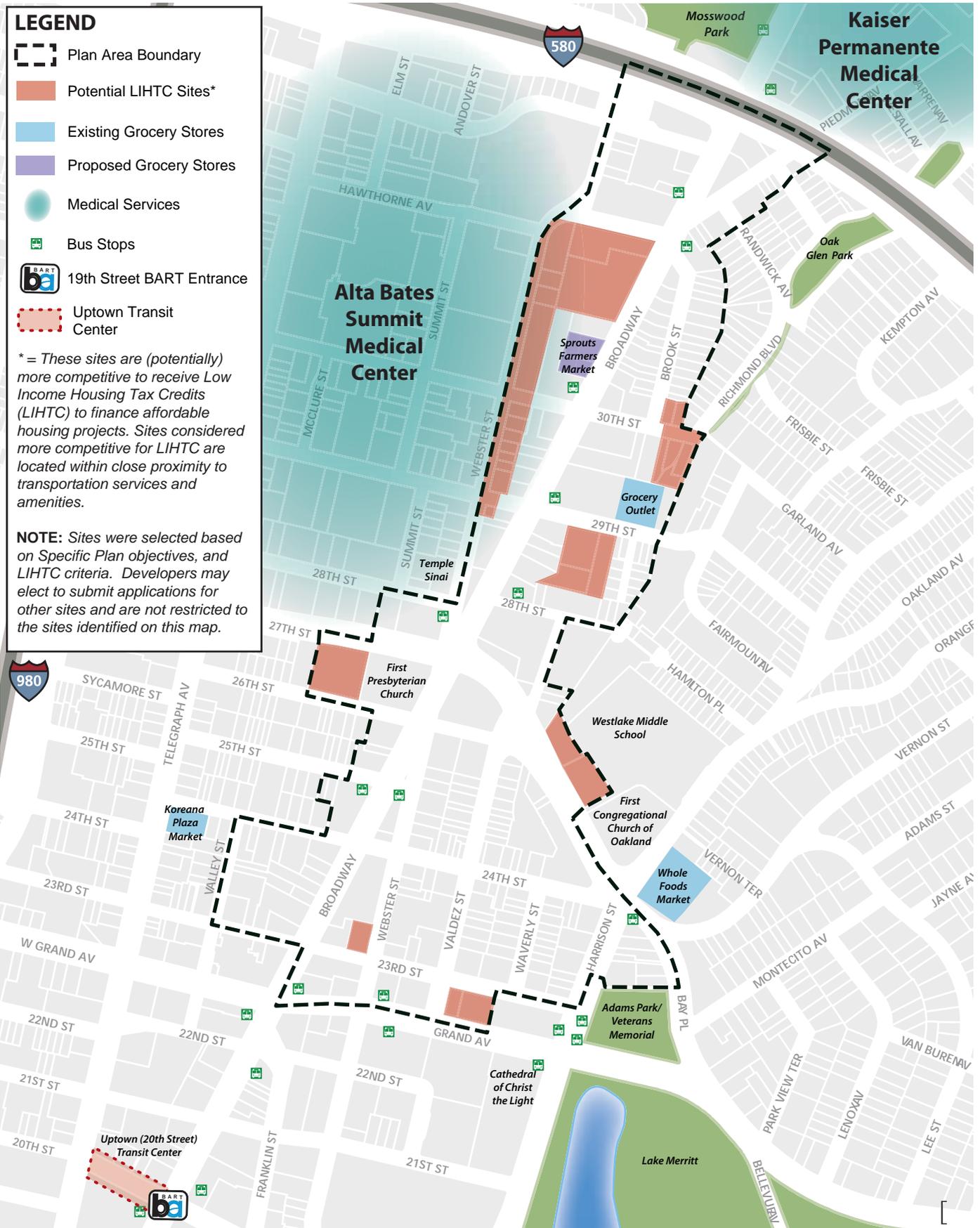


FIGURE 8.8: POTENTIALLY COMPETITIVE SITES FOR LOW INCOME HOUSING TAX CREDITS 0 300 ft 600 ft

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the hospital medical center. A strategy is needed that aims to create unit types that are desirable and affordable to those in the neighborhood.

One such strategy is to create market-rate housing that is affordable “by design” (i.e. smaller units, resource efficiencies, reduced parking requirements, etc.), allowing for more affordable market-rate units. In January 2013, the City of Oakland adopted a Micro Living Quarters Pilot Program to conditionally permit a new type of market-rate housing with units small enough to be affordable “by design”. These units cost less because they are small and efficiently designed. The pilot program applies to a portion of the Plan Area bounded by 23rd Street, 26th Street, Broadway, and Valdez Street and is within a quarter mile of the 19th Street BART Station, an AC Transit trunk line, the B on Broadway shuttle, and open space areas. The pilot program could be extended to the entire Plan Area to maximize the application of this type of smaller rental unit, appropriate given the smaller households living in the Plan Area.

Grant Funding. Tremendous uncertainty exists around the future of affordable housing finance given the state’s recent decision to eliminate Redevelopment Agencies. To close the gap for which local funds have generally been needed to finance affordable units, additional funding sources must be identified. The City will continue to monitor and support State affordable housing legislation and identify alternative grant sources.

Land Banking. Factors contributing to the relatively high land values in the Plan Area include the housing market, which has driven increased land values in the Upper Broadway area since the late 1990s and early 2000s and City land use policy, which encourages higher-density housing. Although the housing market downturn of 2007 depressed land values, most landowners of underutilized sites are hesitant to sell their properties at lower prices, anticipating a higher rate of return when the market recovers.

Inflated property value expectations from landowners in the Plan Area impede efforts to develop affordable housing since high site acquisition costs often makes developing affordable housing infeasible (the same dynamic is true for destination retail). Thus, attention should be paid to motivated sellers in the near term, who may be willing to sell land in the Plan Area based on current values.

The City could purchase sites for use as affordable housing developments. However, the most important public funding sources have limits on land acquisition. Federal HOME funds cannot be used for land banking. The dissolution of the City’s Redevelopment Agency marked the end of a possible additional funding source, even though there were limitations on the amount of time Redevelopment funds could have been used for land banking (up to five years). Non-profits and the Housing Authority could partner to assemble sites.

Affordable Housing Trust Fund Bolstered by “Boomerang” Funds. Demonstrating a strong commitment to continue funding affordable housing, the Oakland City Council, at its June 27, 2013 meeting, endorsed a proposal to dedicate, on an ongoing basis, 25 percent of the property tax it receives (termed “boomerang” funds) into the Affordable Housing Trust Fund. The ongoing deposit would begin at the next budget cycle, starting July, 2015. The ordinance is expected to be formally adopted in September of 2013. Any one-time boomerang funds (from the City’s share of one-time proceeds whenever the Redevelopment Successor Agency sells property or other compensation) received by the City after July, 2013 would be subject to the Ordinance, with 25 percent of the City’s distribution deposited into the Affordable Housing Trust Fund.

These funds will be used to increase, improve, and preserve the supply of affordable housing in the City, with priority given to housing for very low income households. Funds may also be used to cover reasonable administrative or related expenses of the

City not reimbursed through processing fees. Funds in the Affordable Housing Trust Fund must be used in accordance with the City's adopted General Plan Housing Element, the Consolidated Plan, and subsequent housing plans adopted by the City Council, to subsidize or assist the City, other government entities, nonprofit organizations, private organizations or firms, or individuals in the construction, preservation or substantial rehabilitation of affordable housing.

Anti-Displacement Strategies. Preservation of the existing housing stock in the Planning Area is achieved through various regulatory tools, such as the City's Condominium Conversion regulations. The city's Condominium Conversion Ordinance addresses the conversion of rental units to ownership condominiums. The Condominium Conversion "Area of Primary Impact" could be extended to include the area west of Broadway in the Planning Area (the area east of Broadway is already included in the "primary impact area") which would require rental housing that is converted to condos to be replaced (in the area). This would help to ensure a balance between rental and ownership housing in the Plan Area where renters comprise the majority of residents. Limitations on condominium conversions will help preserve existing rental housing and prevent displacement.

The City's Condominium Conversion Ordinance outlines tenant protections which are paraphrased as follows (see Oakland Municipal Code Section 16.36 for full ordinance): the right to terminate lease upon notification of intent to convert, right to continue occupancy for a period after conversion approved, limits on rent increases, limits on work to occupied units, exclusive right to purchase a unit in the building, and relocation assistance. Additionally, tenants 62 and older are offered lifetime leases and limitations on base rent and monthly rent increases.

Emphasis on Workforce Housing. Given the desire to promote the use of transit and reduce vehicle trips, particular emphasis should be placed on providing

workforce housing that is affordable to those who work in the area's commercial businesses and nearby medical campuses. The Urban Land Institute's Terwilliger Center for Workforce Housing defines workforce households as those with incomes between 60 and 120 percent of area median income, adjusted for household size. In the Plan Area this equates to a two-person household earning between \$44,340 and \$88,600 of area median income.

Households in the Plan Area and nearby areas include proportionally more employed residents. This reflects the demographic characteristics of residents and the area's proximity to places of work and transit accessibility. In the case of new housing, it also reflects the incomes needed to pay the higher prices and rents for new construction. However, the high cost of housing is particularly challenging for "workforce" households (earning between 60 and 120 percent of area median income). These households (which comprise the majority of Plan Area households) must struggle to secure housing that is overwhelmingly geared to higher income households.

Creative ways to finance housing for workforce households is essential to maintaining the diversity of the Plan Area, as well as the entire city. A citywide strategy is necessary to address this issue.

Citywide Housing Policy. A citywide affordable housing policy (inclusionary zoning) could be an important component to providing affordable housing in the Planning Area. A comprehensive citywide policy will alleviate the concern that requiring affordable housing only in the Plan Area would over-burden developers and put this area at a disadvantage compared to the rest of the City.

State-Mandated Bonus and Incentive Program.

Oakland Planning Code Chapter 17.107 already includes a bonus and incentive program, as mandated by California Government Code 65915, for the production of housing affordable to a range of incomes, as well as a bonus and incentive program for the creation of senior housing and

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for the provision of day care facilities. This existing Bonus and Incentive Program allows a developer to receive additional development rights (via height or density bonus or relaxation of requirements, such as parking or open space) in exchange for provision of affordable housing.

8.6 HISTORIC PRESERVATION IMPLEMENTATION STRATEGY

GOAL IMP-5: A combination of incentives, regulation, and funding assistance to incentivize developers to preserve and re-use historic resources in the Plan Area.

8.6.1 HISTORIC PRESERVATION OBJECTIVE

To explore and adopt preservation funding sources, incentives, and/or strategies to promote preservation and adaptive reuse in the Plan Area. Historic preservation and adaptive reuse are encouraged, and involve issues different from new development. Implementation of incentives, strategies and regulations should enhance economic feasibility for preservation and avoid unnecessary regulatory procedures in order to encourage property owners to initiate preservation activities.

8.6.2 POTENTIAL FUNDING SOURCES, INCENTIVES, AND STRATEGIES

Policy IMP-10.1

Consider developing a package of incentives that will encourage landowners and developers to renovate and/or adaptively reuse historic buildings. Preservation strategies to be considered should include the following:

- Facade Improvement Grants;
- Facade Easements;
- Transfer of Development Rights (TDR);
- Extension of the California State Historical Building Code (SHBC);

- Reduced Fees and Expedited Development Review;
- Federal Historic Tax Credits;
- Recognition of Plan Area historic resources that promotes broad community awareness (e.g., plaque program);
- Mills Act (Property Tax Abatements); and
- Relief from Code Requirements.

While historic preservation and adaptive reuse are encouraged, such projects can involve issues different from new development. While City resources are limited, the City should explore incentives to promote preservation and adaptive reuse in the Plan Area. The following represent some programs and strategies that might be considered:

FACADE IMPROVEMENT GRANTS

The City could reestablish a Façade Improvement Grant Program to encourage the reuse of eligible buildings specifically for commercial uses that are consistent with the Specific Plan (e.g., ground-floor, active retail). Grants could be awarded on a 'dollar for dollar' basis for qualifying physical investments that improve the physical appearance of the facade and retain architectural features.

FACADE EASEMENTS

The City could establish a Facade Easement Program to encourage the preservation of building facades in perpetuity. A special facade easement program, to be overseen by the City, could be established for the planning area to recognize facades of significance particular to the Area. Applicants would have to demonstrate through architectural drawings that their proposed development would preserve distinctive features of the building.

TRANSFER OF DEVELOPMENT RIGHTS (TDR)

The City could establish a TDR Program to encourage the reuse of historically significant buildings within the Plan Area. This would allow for the transfer of unused development rights from eligible properties within the Adaptive Reuse Priority areas to elsewhere in the Plan Area vicinity. Applicants would have to demonstrate through architectural drawings that their proposed reuse development preserves distinctive features of the building.

EXTENSION OF THE CALIFORNIA STATE HISTORICAL BUILDING CODE (CHBC)

The CHBC is intended to save California's architectural heritage by recognizing the unique construction issues inherent in maintaining and adaptively reusing historic or otherwise eligible buildings. The CHBC provides alternative building regulations for permitting repairs, alterations and additions necessary for the preservation, rehabilitation, relocation, related construction, change of use, or continued use of a "qualified historical building or structure" (Health and Safety Code, Division 13, Part 2.7, Sections 18950-18961). The local jurisdiction has jurisdiction over the enforcement of the Code. Currently Local Register properties qualify for the CHBC. Regulations within the CHBC could be extended to all other identified historic resources or resources within ASIs and APIs in the Plan Area in order to provide guidance in quality adaptive reuse of buildings.

REDUCED FEES AND EXPEDITED DEVELOPMENT REVIEW

The City could grant expedited development review and reduce Planning Department fees for developments including and/or reusing eligible resources.

DEVELOPMENT INCENTIVES AND RELIEF FROM CODE REQUIREMENTS

Eligible properties could be granted relief from potentially financially burdensome requirements as required in the development code. These might include parking, open space, and impact fees. The City might also consider development incentives which could include, but not be limited to, flexibility in development standards, and height and density bonuses.

MILLS ACT (PROPERTY TAX ABATEMENTS)

The City should continue to promote its Mills Act property tax abatements in exchange for agreeing to repair and maintain the historic character of their property. The Mills Act is a contractual agreement between property owners and the City to receive reduced property taxes.

8.7 SPECIFIC PLAN IMPLEMENTING ACTIONS AND RESPONSIBILITIES

Implementation actions and responsibilities are identified in Table 8.9. The timing to begin implementation also is shown. The actions are grouped according to different elements of the Specific Plan. Together these actions detail the Implementation Strategy for the Plan and provide direction for the next steps after Plan approval.

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TABLE 8.9: IMPLEMENTING ACTIONS AND RESPONSIBILITIES

	TIME TO BEGIN IMPLEMENTATION			RESPONSIBILITY
	SHORT TERM	MID TERM	LONG TERM	
LAND USE REGULATORY ACTIONS				
Amend General Plan land use designations for the Plan Area to maintain consistency with Specific Plan and revise Central Business District boundary to extend up to 27th Street (Policy LU-10.1).	X			City: Planning & Building
Adopt new Zoning to maintain consistency with Specific Plan (Policy LU-10.2).	X			City: Planning & Building
Adopt Specific Plan Design Guidelines (Appendix A).	X			City: Planning & Building
Review City permit process to streamline approval process for destination retail development consistent with the Plan.	X			City: Planning & Building
Establish mechanism for monitoring Plan Area automobile trip generation to ensure conformance with EIR thresholds (Policy LU-10.4).	X			City: Planning & Building Public Works Agency
Adopt an Entertainment District Overlay Zone for the Uptown District and Valdez Triangle (Policy LU-10.9).	X			City: Planning & Building
Develop a bonus and incentive program to attract new businesses (Policy LU-10.10).	X			City: Planning & Building
Establish a set of tools to incentivize developers to renovate and reuse historic buildings (Policy LU-11.3).	X			City: Planning & Building
DESTINATION RETAIL STRATEGY				
A. Priority Setting, Strategy Refinement, and Outreach				
Refine implementation and funding strategy for destination retail development in Valdez Triangle. • Identify lead staff for City • Set priorities across City departments • Establish priority for needed funding resources	X	X	X	City: City Council / City Manager Planning & Building Economic Development Neighborhood Investment Public Works Agency
Continue outreach to development community, property owners, and key retailers to encourage desired retail development • Develop Marketing Materials	X	X		City: Economic Development
B. Targeted Investments As Initial Retail Catalysts In Valdez Triangle				
Explore opportunities for purchase of additional retail opportunity sites	X			City: Economic Development / Neighborhood Investment
Set parameters for initial, strategic City investments • Refine for desired destination retail development • Establish City roles and funding as incentives • Strategic use of City-owned property • Parking for destination retail • Initial public realm improvements for retail district	X			City: Economic Development / Neighborhood Investment Public Works Agency
Undertake development feasibility assessment to: • Identify parameters for City participation • Justify commitment of City funding • Support future development agreements	X			City: Economic Development / Neighborhood Investment
Reserve funding for initial retail catalysts	X			City: Economic Development / Neighborhood Investment
Secure development agreement(s) for City-owned sites with developer(s) covering: • Detailed development plan including major tenants • Timing and phasing • City role(s) and funding • Performance criteria and remedies for non-performance	X			City: Economic Development / Neighborhood Investment Public Works Agency

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TABLE 8.9: IMPLEMENTING ACTIONS AND RESPONSIBILITIES (CONT'D)

	TIME TO BEGIN IMPLEMENTATION			RESPONSIBILITY
	SHORT TERM	MID TERM	LONG TERM	
DESTINATION RETAIL STRATEGY, continued				
C. Funding to Encourage and Sustain a Critical Mass of Destination Retailing in Valdez Triangle				
Develop agreed upon City strategy for use of City parking revenues to fund additional parking for destination retail <ul style="list-style-type: none"> • Dedicate revenues to Parking Fund • Identify entity/department and funding mechanism to implement 	X	X		City: Planning & Building Economic Development Public Works Agency
Develop a strategy for relocating active auto dealerships to facilitate a critical mass of destination retailing in Valdez Triangle. <ul style="list-style-type: none"> • Revisit Citywide strategy for auto-related retail in the future. 	X	X		City: Planning & Building
Work with property owners and businesses to establish a new BID/CBD for funding retail area management and services, including parking program management. <ul style="list-style-type: none"> • Establish areawide district to: • Replace existing CBD expiring in 2018 • Expand area to include all of Valdez Triangle Retail District • Complete required Engineering Study for district formation. 		X		City: Economic Development Public Works Agency Private Sector
FUNDING FOR OTHER PUBLIC REALM IMPROVEMENTS AND INFRASTRUCTURE				
Pursue implementation of development impact fees as part of Citywide fee program. <ul style="list-style-type: none"> • Undertake Nexus Study 	X	X		City: Planning & Building Public Works Agency
Work with property owners to establish a CBD for the North End Subarea <ul style="list-style-type: none"> • Complete required Engineering Study for district formation 	X	X		City: Economic Development Private Sector
Make funding applications to regional agencies <ul style="list-style-type: none"> • ABAG grants • Measure B funding • Other 	X	X		City: Planning & Building Public Works Agency
Coordinate improvements with other service providers <ul style="list-style-type: none"> • EBMUD • AC Transit • BART 	X	X		City: Planning & Building Public Works Agency

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TABLE 8.9: IMPLEMENTING ACTIONS AND RESPONSIBILITIES (CONT'D)

	TIME TO BEGIN IMPLEMENTATION			RESPONSIBILITY
	SHORT TERM	MID TERM	LONG TERM	
PUBLIC REALM IMPROVEMENTS AND INFRASTRUCTURE				
Extend Broadway streetscape improvements from 24th Street to I-580 (Policy CD-2.1; Policy C-2.4; Policy C-2.5).	X	X		City: Public Works Agency Private Sector
Implement public art and lighting improvements to I-580 underpass on Broadway and Piedmont (Policy CD-2.2).		X		City: Public Works Agency Planning & Building Economic Development
Work with Caltrans to establish a freeway signage program for the District (Policy CD-2.3).		X		City: Public Works Agency Planning & Building
Implement street improvements to 27th Street (Policy CD-2.4; Policy C-2.2; Policy C-2.4; Policy C-2.5).	X	X		City: Public Works Agency Planning & Building Private Sector
Implement streetscape improvements to the five-legged intersection of 24th Street, 27th Street, Harrison Street and Bay Place (Policy CD-2.5).	X			City: Public Works Agency Planning & Building Private Sector
Explore possible strategies to enhance pedestrian crossing of Grand Avenue at Valdez Street (Policy CD-2.6).		X		City: Public Works Agency Planning & Building
Implement streetscape improvements to Piedmont Avenue south of I-580 (Policy CD-2.7; Policy C-2.4; Policy C-2.5).		X	X	City: Public Works Agency Planning & Building Private Sector
Implement streetscape improvements to 24th Street (Policy CD-2.11; Policy C-2.2; Policy C-2.4; Policy C-2.5).	X			City: Public Works Agency Planning & Building Private Sector
Convert 24th Street between Valdez and Harrison streets from one-way to two-way traffic (Policy CD-2.12).	X			City: Public Works Agency Planning & Building
Implement streetscape improvements to Valdez Street (Policy CD-2.14; Policy C-2.2; Policy C-2.4; Policy C-2.5).	X	X		City: Public Works Agency Planning & Building Private Sector
Reduce street crossing widths and increase pedestrian visibility by installing bulb-outs and crosswalk markings at intersections on the following streets: <ul style="list-style-type: none"> • Broadway • 24th Street between Broadway and Harrison Street • Valdez Street between Grand Avenue and 27th Street • 27th Street between Broadway and Harrison Street (Policy C-2.3). 	X	X		City: Public Works Agency Planning & Building
Remove channelized right-turn lanes to improve pedestrian safety at the following locations: <ul style="list-style-type: none"> • southbound Harrison Street to 27th Street • eastbound 27th Street to 24th Street • westbound 27th Street to Broadway • eastbound 27th Street to Valdez Street and northbound Valdez Street to 27th Street • east approach of the Broadway/ Webster Street/25th Street intersection (Policy C-2.7). 	X	X		City: Public Works Agency Planning & Building
Improve uncontrolled pedestrian crossings including installation of: <ul style="list-style-type: none"> • signal and bulb-outs on Broadway at 23rd and 24th Streets and on Harrison Street at 23rd Street (Policy C-4.2) • Rectangular Rapid Flash Beacon (RRFB) and bulb-outs at the mid-block crossing on Broadway between 30th Street and Hawthorne Avenue (Policy C-2.8). 		X		City: Public Works Agency Planning & Building
Add signals to the following intersections to improve access to and from the Valdez Triangle: <ul style="list-style-type: none"> • Harrison Street/ 23rd Street • Broadway/ 23rd Street • Broadway /24th Street (Policy C-4.2). 			X	City: Public Works Agency Planning & Building

8. IMPLEMENTATION, PHASING AND FINANCING

TABLE 8.9: IMPLEMENTING ACTIONS AND RESPONSIBILITIES (CONT'D)

	TIME TO BEGIN IMPLEMENTATION			RESPONSIBILITY
	SHORT TERM	MID TERM	LONG TERM	
PUBLIC REALM IMPROVEMENTS AND INFRASTRUCTURE, continued				
Implement streetscape and “green” stormwater management improvements such as rain gardens and permeable paving along 29th and 30th Streets (Policy CD-2.17 and 18).		X	X	City: Public Works Agency Private Sector
Enhance bicycle facilities (e.g., bicycle signal actuation, bicycle boxes, two-stage turn queue boxes, etc.) at key intersections with high bicycle and automobile traffic (Policy C-3.2).		X	X	City: Public Works Agency
Identify opportunities to increase bicycle parking supply in the public realm (Policy C-3.4).	X	X	X	City: Public Works Agency Private Sector
Work with AC Transit to improve bus service along Broadway by incorporating Specific Plan recommendations into its Transit Performance Initiative (Policy C-5.1).	X			City: Public Works Agency Planning & Building
Work with local shuttle operators to expand service in the Plan Area (Policy C-5.2).	X	X		City: Public Works Agency Planning & Building Economic Development
Explore managing transportation and parking as part of overall assessment district management of the area (Policy C-6.1).		X		City: Public Works Agency Economic Development Public Sector
Implement a comprehensive wayfinding signage program in the Plan Area (Policy C-6.2).		X		City: Public Works Agency Planning & Building
Explore public funding for construction of a parking structure as a catalyst for retail development (Policy C-7.3).	X			City: Planning & Building Economic Development Public Works Agency
Address the management of parking supply and revenues as part of overall assessment district management of the Area (Policy C-7.4).	X			City: Public Works Agency Economic Development Public Sector
Provide metered on-street parking along commercial frontages and explore opportunities to better manage on-street parking (Policy C-7.10).	X	X	X	City: Public Works Agency Economic Development Public Sector
Consider monitoring parking demand in the Plan Area (Policy C-7.11).		X		City: Public Works Agency Economic Development Public Sector
Study the need for a Residential Parking Permit (RPP) program in nearby residential neighborhoods (Policy C-7.12).		X	X	City: Public Works Agency
Establish a public arts program for the Plan Area (Policy CD-2.20).		X		City: Economic Development Private Sector
Implement public plaza improvements in conjunction with new development (Policy CD-2.21).	X	X	X	City: Public Works Agency Planning & Building Private Sector
Work with developers and park advocates to fund and implement park and trail improvements along Glen Echo Creek (Policies CD-2.21 and 24).		X	X	City: Public Works Agency Private Sector
Work with businesses, landowners and the community to promote and facilitate interim uses and events to activate the area (Policy CD-2.25).	X	X		City: Planning & Building Economic Development Private Sector
Ensure that Plan Area development projections are incorporated into EBMUD's long-range plans for water supply and delivery (Policy I-2.2).	X			City: Public Works Agency Planning & Building
Coordinate with EBMUD to secure a future supply of recycled water in Plan Area (Policy I-3.1).	X	X	X	City: Public Works Agency Private Sector
Explore the implementation of a ‘green’ streets program in the Plan Area (Policy I-4.4).	X	X	X	City: Public Works Agency Economic Development Planning & Building Private Sector