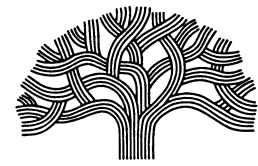


# CITY OF OAKLAND



250 FRANK H. OGAWA PLAZA, SUITE 5313 • OAKLAND, CALIFORNIA 94612-2034  
Economic & Workforce Development Department (510) 238-2229

November 17, 2014

To: Mr. James Vann, Oakland Measure DD Community Coalition  
Task Group on Lake Merritt Boulevard Apartments

Re: Lake Merritt Boulevard Apartments for the “12<sup>th</sup> Street Remainder Parcel”

Dear Mr. Vann:

This letter is in response to letters from the Oakland Measure DD Community Coalition dated May 21, 2014, July 21, 2014 and October 30, 2014. We have summarized the concerns you raised into four main areas, as follows:

1. **Concern # 1:** Pursuant to Oakland’s Condominium Conversion Ordinance (OMC 16.36), this new condominium development project could generate “condominium conversion rights” if the developer agrees to restrict the new condo units as rental units for 7 years. Then these “condominium conversion rights” could be sold to owners of existing rental property to convert existing rental units to condos, thereby removing that number of rental units from the housing market.

**City Response:** Staff raised this concern with Michael Johnson, principal of UrbanCore, and Mr. Johnson has agreed to restrict UrbanCore’s proposed development, referred to as Lake Merritt Boulevard Apartments, on the City-owned “12<sup>th</sup> Street Remainder Parcel”, from generating “condo conversion rights”. The language necessary to restrict this project’s ability to generate condo conversion rights will be included in the Disposition and Development Agreement (“DDA”), currently under negotiation between the City and UrbanCore subject to City Council approval in its sole and absolute discretion.

2. **Concern # 2:** The proposal for Lake Merritt Boulevard Apartments does not include any affordable units.

**City Response:** The City issued a Request for Proposals (RFP) in 2012 and did not include a requirement for affordable housing in the project. The reason is that the City-owned parcel is considered a market-rate deal, not a subsidized deal, due to lack of City funds to provide such subsidy. As a result, UrbanCore was not required to include affordable housing when they entered into an Exclusive Negotiating Agreement (ENA) with the City. While this parcel has been created as a result of Measure DD-funded improvements, as you noted, the City will sell it at appraised value, based on the fair market value for the parcel’s the highest and best use. If the City required inclusion of affordable housing, this would not only reduce the appraised value of the site, it might also negatively affect UrbanCore’s ability to secure financing for the project, which has been underway for 16+ months as a market-rate development.

While this particular project will not include affordable housing units, the City remains committed to affordable housing through direct subsidies and through new policies, such as the recent decision by the Administration and City Council to direct 25% of “boomerang” funds to affordable housing and the decision to conduct an Impact Fee Nexus Study for affordable housing. Attached, you will find a list of recent projects that the City has subsidized through local, state and/or federal funds it has available. As you know, the elimination of redevelopment funding has seriously affected our ability to subsidize as many projects as we would have normally done in the past.

3. **Concern # 3:** What other community benefits will this project offer?

**City Response:** Per the DDA currently under negotiation and subject to City Council approval in its sole and absolute discretion, UrbanCore has agreed to provide off-site improvements and ongoing maintenance of the adjacent City-owned park (0.91 acres) with an existing water treatment basin. Per the recommendations of Measure DD Coalition, CALM and City staff (and pending approval by the Parks and Recreation Advisory Commission), these improvements will include the installation of natural landscaping and will function as a passive open green space consisting mostly of native plantings, groundcover, shrubs and trees. The groundcover will be low maintenance grasses and wildflowers requiring mowing once or twice a year. Temporary irrigation will be used for two or three years to establish the trees and shrubs. All plantings will adhere to Bay friendly practices and adhere to the State’s Water Efficient Landscape Ordinance.

In addition, UrbanCore’s proposal includes a 2,000-square-foot café located at the ground level, accessible by the public. The café will include an outdoor terrace and plaza with views towards Lake Merritt and the Lake Merritt Channel.

4. **Concern # 4:** What will be the increased wind speeds and shadow impacts caused by the new proposed building, particularly shadow impacts on the new Tidal Marsh on the west side of the channel and on the adjacent reserved parkland?

**City Response:** As a requirement of the project’s CEQA approval, the City and UrbanCore have retained environmental consultant LSA to study the potential environmental impacts of the project, specifically the project’s impact on wind, shadow and traffic, which are not already covered by the EIR of the Lake Merritt Station Area Plan. These studies are underway and LSA’s *Draft # 2* is currently under review by City staff for comments. A draft of this study is expected to be available for public review following the City Council adoption of the Lake Merritt Station Area Plan and EIR, which is currently scheduled for November 18, 2014.

For CEQA review purposes, the standard for wind is that the building under design not increase likelihood of winds exceeding 36 mph for more than one hour during daylight hours. LSA’s *Draft # 2* indicates that 2 of the 42 wind points studied fail this standard but project-specific and standard measures are recommended to reduce the impacts.

Shadow simulations prepared for various times on March 21, June 21, September 21 and December 21 show that the proposed project would not result in significant impacts related to shade and shadow and no mitigation measures are required. Specifically, shadows cast by the project will not reach Peralta Park, which is located on the western side of the channel.

Finally, see the attachment which provides the latest overview of the proposed project. Note that UrbanCore has incorporated comments and input received from Planning staff and the public, including this Measure DD task group. The project’s current design conforms to the new zoning regulations and tower standards recommended by staff as part of the Lake Merritt Station Area Plan adoption by City Council.

Future opportunities for public comment on the project will be available at a community meeting to be hosted by UrbanCore, a Planning Commission hearing, and a Parks & Recreation Advisory Commission hearing. These meetings are not yet scheduled but, at this point, are expected to occur around February 2015.

If you have additional comments or questions about this project, feel free to contact me at [pslane@oaklandnet.com](mailto:pslane@oaklandnet.com) or 510-238-7362.

Sincerely,



Patrick Lane  
Acting Manager of Project Implementation Division  
Economic & Workforce Development Department

Enclosures

cc: Rachel Flynn, Acting Director of Economic & Workforce Development  
Lesley Estes, Measure DD Program Manager  
Michael Johnson, UrbanCore

## **Lake Merritt Boulevard Apartments**

### **Project Overview**

- *# Stories:* 24-story residential apartment tower with a 3-level podium base (which includes a below ground garage and 2 levels of podium).
- *# Units:* 298 residential units
- *Commercial SF:* 2,000-square-foot ground level café
- *# Parking:* 209 parking spaces including mechanical stackers. Long term storage for 86 bicycles
- *Height:* The proposed building would be 249 feet in height at the roof above the natural grade and would not exceed an overall height of 265 feet, including architectural and mechanical features that extend above the roofline.

### **Unit Mix**

7 lofts

8 penthouse units

113 studios

110 one-bedroom units

60 two-bedroom units

Units would range from approximately 550 to 1,595 square feet in size.

### **Location of Units in Building**

7 two-story lofts at the ground level (the first and second podium levels)

8 two-story penthouses at the top of the tower

24 residential units within 8-story west wing and south wing

259 residential units within a 21-story tower divided into two connected volumes

**Building Amenities** throughout the residential areas of the building for shared use by project residents include:

- at ground level
  - building entrance, lobby, and a lounge area (approximately 3,000 square feet).
  - 2,000-square-foot café would also be located at the ground level. The café would include an outdoor terrace and plaza with views towards Lake Merritt and the Lake Merritt Channel.
- on third level
  - an indoor recreation and exercise room (approximately 2,600 square feet)
  - a 15,400-square-foot outdoor area with a fire lounge, a wood deck with a wading pool and hot tub, a kitchen and grilling space, a theater and performance space, and several movable outdoor chairs and tables in addition to seating along planters
  - a 3,400 square-foot green roof
- on sixth level
  - a 3,500 square-foot outdoor roof terrace for residents.