

SAN FRANCISCO BUSINESS TIMES

Olympic mettle

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OAKLAND STRUCTURES

Projects are finally rising in long-neglected West Oakland

BY ROLAND LI
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Every weekday, hundreds of thousands of riders pass through West Oakland's BART station on their way to San Francisco. Only a handful get off.

Despite the station's central location, the neighborhood doesn't have many jobs outside of the hulking U.S. post office and the adjacent Port of Oakland. It's primarily a residential area, with single-family Victorians now selling for over \$1 million.

That may change. Two massive devel-

opment plans could replace parking lots next to the BART station with housing and office towers, along with new shops and plazas. Another half-dozen midrise housing projects are under construction or approved in West Oakland. It's the boldest vision to transform the area since the 1950s and 1960s, when government-sponsored "urban renewal" devastated what was once a vibrant retail strip on the very same blocks. Homes, jazz clubs and restaurants were demolished to make way for BART, the post office and a new highway that bisected an established community.

The projects are still years away

from becoming reality, but they're evidence that developers are focusing on West Oakland as a place for high-density housing and office space, and that the city supports this push. Developers say the neighborhood's central location in the BART system and abundance of empty lots make it a strong candidate for dense growth. The proposals are moving forward as Oakland's rents have hit record highs of \$1,930 per month for a one-bedroom and over \$50 per square foot for Class A office space, according to brokerage data. That makes new highrise construction more financially viable, developers say.

After three years of studies, China Harbour Engineering Co. and partners have proposed a \$565 million project that includes 1 million square feet of commercial space, 135 residential units and retail. It would replace BART-owned parking lots directly next to the station and potentially add thousands of new jobs to the area.

The project will restore vitality to a barren streetscape and create new economic opportunity, said Alan Dones of Strategic Urban Development Alliance, a project consultant.

The developers are seeking a project bigger than anything else built in West Oakland to date. A midrise building "would really do a disservice to our community," and a larger project is more appropriate for a transit hub, Dones said in July.

Go West

"I'm late to the game, but I'm making up for (it)."

PATRICK KENNEDY,
President, Panoramic Interests



TODD JOHNSON

China Harbour's mixed-use project is seeking approvals by 2019, based on its exclusive negotiating agreement with BART.

A block away, Panoramic Interests has proposed over 1,000 apartments and 40,000 square feet of retail in three new buildings at 500 Kirkham St., currently a lot with a small commercial building.

It's Panoramic's first Oakland project and totals more units than all of its previous Bay Area projects combined.

"I'm late to the game, but I'm making up for in size what we lacked in interest before," said Patrick Kennedy, president of Panoramic Interests. "I've been looking to do a transit-centric, car-free development in Oakland for several years."

Panoramic's project could be approved by the spring and start construction by the end of 2019.

One challenge will be soundproofing the apartments from the constant rumble of the BART train. Kennedy's project will be as close as 20 feet to the BART tracks, but he's confident the interiors will be serene with the right materials.

Panoramic has selected Pankow as the general contractor. Kennedy is still looking for equity partners for a project that will cost in the hundreds of millions.

Kennedy said he is seeking additional community input on the specifics of the project. One focus is making sure local businesses get opportunities to benefit. At the existing building, he's leasing rent-free commercial space to a group of local retailers including eateries the Hatch and Pancho, Good Mother Gallery and the

OAKLAND STRUCTURES



Patrick Hendry, City Ventures: "We're able to make it work where others can't."

TODD JOHNSON

Overlook Lounge. He is hoping to include them in the new project.

"They are going to provide the DNA for the revival of Seventh Street," said Kennedy. "I think we'll see a new business center and arts center...all the signs are optimistic and encouraging."

Matt Regan, senior vice president of public policy at the Bay Area Council, told the Business Times last year that West Oakland's "acres of vacant lots" were a sign that construction costs were too big of a hurdle and rents in Oakland weren't high enough for big projects to be viable. China Harbour and Panoramic's proposals could signal a change in those fundamental economics.

Completed projects fill up

It's taken years for West Oakland to recover from the 2008 recession and for new projects to move forward. The housing bubble devastated many local homeowners, who lost their properties to foreclosure. The 2012 dissolution of California's Redevelopment Agencies also removed a tax financing mechanism that would have enabled the city to fund more affordable housing in the area.

The handful of completed market-rate projects have filled up amid the region's housing shortage.

"It's a great place to be. It's the center of the Bay Area."

JOHN PROTOPAPPAS,
CEO, Madison Park Financial

Madison Park Financial's 92-unit Lampwork Lofts project, a renovation of a former lightbulb factory, was completed in 2014 and is fully leased. The developer also plans to start construction next year on a 47-unit project approved at 2968 Hannah St. in West Oakland.

"It's a great place to be. It's a center of the Bay Area," said John Protopappas, CEO of Madison Park, who lives in a loft in the neighborhood.

Homebuilder City Ventures also completed 171 townhomes at the Station House project this year and sold them all. Prices ranged from the \$600,000s to \$900,000s.

Patrick Hendry, City Ventures vice president of Northern California, said the project's access to the Bay Bridge, BART station and rest of the East Bay was a huge selling point.

City Ventures has another 47 townhomes in progress next to Station House and 126 townhomes at 2210 Filbert St. and 2310 Myrtle St., also in West Oakland.

The projects will all contain wood-frame townhomes, which are cheaper and faster to build than concrete or steel apartment buildings. No other developers are building for-sale housing in West Oakland.

"That's why we're able to make it work when others can't," said Hendry.

CONSTRUCTION

HOLLIDAY DEVELOPMENT IS ASSEMBLING A MODULAR FUTURE FOR WEST OAKLAND

West Oakland may get one of the first modular housing projects in the city. Holliday Development has plans for three modular housing projects in the neighborhood, including one for the formerly homeless.

Holliday Development's projects span hundreds of units in West Oakland, where the company is headquartered. The neighborhood is seeing a flurry of new projects, including two highrise proposals next to the BART station.

"We've been active in West Oakland for over 15 years," said Kevin Brown, partner at Holliday Development. "I see more and more positive momentum."

"It's a great place to live," he said. "The demand is absolutely there."

The developer is working with general contractor Cannon Constructors and its modular subcontractor Factory_OS to build the three projects. Rick Holliday is the head of both Holliday Development and Factory_OS.

Carpenters Local Union Nos. 22 and 180 will pre-assemble pieces of the projects in Factory_OS's factory in Vallejo. Those "modules" would then be shipped to the site and assembled, cutting down on costs and construction time compared to traditional construction.

Holliday Development previously built a modular project in San Francisco's Bayview, which it sold last year.

The 110-unit 532 Union St. will be the first modular project to start work with groundbreaking planned for the spring. Holliday bought the land, which is near the West Oakland BART station, from California Department of Transportation, known as Caltrans. The project was approved last year.

Construction will take 10 to 11 months, about half the time compared to traditional construction. Brown declined to specify costs, but said the project would be about 20 percent cheaper than traditional construction.

Holliday Development also has approvals for 235 units at 2011 Wood St., where it plans to do modular construction. Building permits haven't been filed yet because the developer is trying

to resolve what to do with a railroad spur going down the middle of the site, which has delayed the project, said Brown. Construction could start by next fall or winter.

Holliday Development bought another parcel from Caltrans in September for \$4.2 million. The site, formerly the Phoenix Ironworks warehouse, is bounded by Frontage Road, 9th, Pine and Shorey streets.



Kevin Brown

The entire site could accommodate 300 to 400 apartments. No project application has been filed, but Holliday Development plans to build supportive housing for the formerly homeless, affordable housing

and market-rate housing.

It would be the first time modular construction is used to house the homeless in Oakland, where city leaders are also pushing temporary sheds as an alternative to tents on the street.

Brown said Holliday will first build the supportive housing, which he is hoping to start work on by next year. The project may seek some public subsidies. "Homelessness is really a crisis," he said.

David Baker Architects is designing all three West Oakland projects. Baker is also the chief design officer at Factory_OS.

"The idea of very old-school construction where you have to craft a building by hand isn't appropriate for all construction," Baker told the Business Times last month.

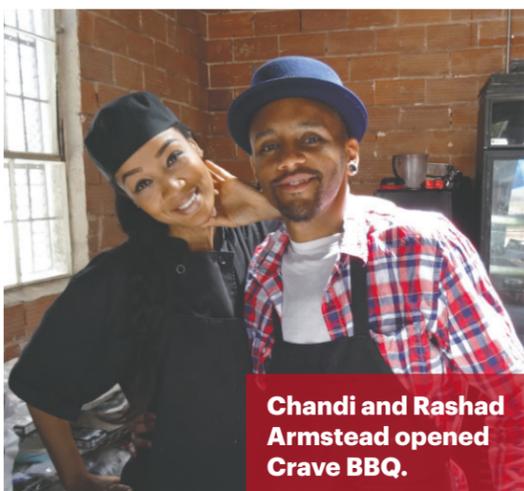


532 Union St.

DAVID BAKER ARCHITECTS

NEIGHBORHOOD BUSINESS

WILL WEST OAKLAND MAKE ROOM FOR A RETAIL REVIVAL?



Chandi and Rashad Armstead opened Crave BBQ.

New small businesses have popped up in West Oakland over the last couple years, including Crave BBQ, Trouble Coffee and Milky Way Coffee. After years of searching, People's Community Market and nonprofit partner East Bay Asian Local Development Corp. have found a site at 3103 Myrtle St. to build a new grocery store.

West Oakland neighborhood staple Brown Sugar Kitchen, known for its chicken and waffles, is expanding with new locations in downtown Oakland and San Francisco's Ferry Building.

Rashad Armstead and his wife,

Chandi, own Crave BBQ. He estimates that they've spent \$15,000 to create the restaurant. It opened five months ago as a pop-up in a former auto repair station at 1700 Center St. and featured live music from local musicians.

But building out permanent space was cost prohibitive. Now Crave is moving to a new location at Market and 27th Streets.

Armstead's great-grandmother operated restaurants in the 1960s in West Oakland when it was still a renowned place for nightlife.

"That was the area where black

businesses were flourishing," he said.

With a wave of new investment coming, Armstead sees dangers and opportunities. Growth can create jobs in the neighborhood, which has fifth- and sixth-generation West Oaklanders. But he fears that the changes could damage the area like the redevelopment of the 1960s if the community doesn't have a say.

"Building on existing (empty) lots is a great idea," said Armstead. "There has to be opportunity for everyone in the community...we don't want to repeat history."