

## OAKLAND STRUCTURES

## Projects are finally rising in long-neglected West Oakland

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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 development 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

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 high-rise 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

in July.

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

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 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.

# Go West

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

**PATRICK KENNEDY,**  
President, Panoramic Interests



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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

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

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

## 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.

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.