Projects are finally rising in long-neglected West Oakland

BY ROLAND LU
rlu@bizjournals.com

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 builking 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 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.

Both projects are finally rising in long-neglected West Oakland, 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 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 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.

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 it,” 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 in July.

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 Hannan 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 president of Northern California, said the project’s success at 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 another 229 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.