

Behind *the* Boomtown

Growth and Urban Redevelopment in Emeryville

East Bay Alliance for a Sustainable Economy

Center for Labor Research and Education
University of California, Berkeley

A Publication of the California Partnership for Working Families

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East Bay Alliance for a Sustainable Economy, Oakland, CA

Center on Policy Initiatives, San Diego, CA

Los Angeles Alliance for a New Economy, CA

Working Partnerships USA, San Jose, CA



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PREFACE

About EBASE

The East Bay Alliance for a Sustainable Economy brings together labor, community and faith-based organizations and leaders to end low-wage poverty and create economic equity in the San Francisco East Bay region. EBASE supports research, policy development, coalition building, and leadership development on issues impacting the low-wage workforce.

EBASE's publications include *Decade of Divide: Working Wages and Inequality in the East Bay* (2001) and a joint publication with the Center for Labor Research and Education, *Struggling to Provide: A Portrait of Alameda County Homecare Workers* (2002). Both can be found at www.workingeastbay.org.

About the Center For Labor Research and Education

The Labor Center is a public service arm of the University of California at Berkeley. Founded in 1964, our mission is to improve the lives of working people by linking the University's vast resources to labor and community efforts for social and economic equity. We provide educational, research, and other programs that increase the capacity of the state's labor movement. During the past three years, the Labor Center has:

- Provided academic research and expert testimony that contributed to the passage of living wage ordinances in California.
- Convened a community and labor coalition that played a key role in reversing the AFL-CIO policy on immigration.
- Placed UC students in two-month summer internships with 58 community and labor organizations.
- Incubated innovative immigrant worker and young worker organizing projects.
- Produced research, videos, and curricula on key topics including homecare, childcare, farm labor, young workers, and globalization.

About the California Partnership For Working Families

The California Partnership for Working Families (CPWF) was established to ensure that the promise of economic development policy is realized for all Californians. CPWF is a new statewide organization formed by an alliance among the Center on Policy Initiatives in San Diego, the East Bay Alliance for a Sustainable Economy, the Los Angeles Alliance for a New Economy, and Working Partnerships, USA in San Jose. These four organizations— anchored in the major population centers of California— have joined together to build a new statewide effort for economic justice. We hold that the creation of economic opportunity for all working families should be the priority for economic development policies and programs, and that developers and policy makers should be held accountable for the impact that development projects have on the community. We refer to this approach to economic development as *accountable development*. Some of the key principles of accountable development include:

- **A Clear Mandate.** Economic development should have as its primary goal the creation of economic opportunity and the reduction of poverty and social inequality.
- **Informed Choices.** Economic development decisions should be based on an informed assessment of the critical needs of communities and the impacts— positive or negative—of proposed projects on those needs.
- **Responsible Planning.** Choices about which economic development projects to approve and how to invest scarce resources such as public subsidies and public land should be guided by consideration of which projects will have the greatest positive impact on community needs. This can only be achieved by enforcing clear, legally binding standards.
- **An Accountable Process.** Finally, the individuals and institutions most impacted by economic development decisions, including residents, workers, community-based organizations, local businesses, and labor unions, should guide those decisions. Too often, the economic development process is driven by developers and government staff, with limited opportunities for meaningful public input.

Using the principles of accountable development as our touchstone, we will, together, build alliances and advance policy change in our respective regions. Ultimately, the goal is to make economic development policy and practice work better for working families throughout California.

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EXECUTIVE SUMMARY

California is a state in crisis. As this report is completed in May of 2003, the State of California faces the worst budget deficit in its history - at last count, official estimates ranged from \$28 billion to \$35 billion, and growing.¹ The crisis is so profound that without sweeping cuts in state-administered programs, significant increases in tax revenue, or a combination thereof, California will effectively shut down. As State Assembly Speaker Herb Wesson said, "That is a hole that is so deep and so vast that if we fired every state employee - every highway patrol officer, every UC professor, every park patrol officer - we would still be \$6 billion short."² Cities and counties across the state face the same stark budgetary choices confronting State legislators and the Governor. The causes of the current crisis are multiple and complex, and include the collapse of the high-tech sector, the nationwide recession, the drastic reduction of property tax income due to Proposition 13, and the resulting increased dependence of government on volatile sources of income. Whatever the causes, policymakers, advocates, and the public are currently engaged in a desperate search for solutions.

Many of these solutions center around economic development and redevelopment. Cities and counties continue their hunt to attract new retail stores, hotels, and large commercial properties, all of which bring in new tax revenue and jobs. The chilly economic climate has led many developers to demand increased public subsidies for projects, and some local governments are willing to accommodate them. For example, Oakland Mayor Jerry Brown, who in the past has stated that public subsidies are undesirable because they hamper the pace of development and create restrictions, now states that it may not be possible to attract new development without significant public subsidies.³

At the same time, Governor Gray Davis has proposed to effectively "end redevelopment as we know it." The Governor sponsored legislation that would shift much of local redevelopment funds to the State.⁴ While the legislation has been shelved for the moment - after meeting heated opposition from city and county officials - it is virtually certain to be revived during the deliberations on the 2004 budget, which by all indications will be even worse than that of 2003.

It is in this context that EBASE set out to assess redevelopment in the City of Emeryville. By many commonly applied measures, the City's redevelopment has been a singular success. The City has transformed itself from a decaying industrial town to a regional hub for retail stores, hotels, commercial offices and high-tech industries. Relative to the "perfect economic storm" many governments are weathering, Emeryville seems like an island of success and prosperity. As this report documents, the City has experienced a growth in public revenues virtually unparalleled in the region. Emeryville has undertaken significant housing construction in a region that has a desperate need for new housing units. And the City has added 5,500 new jobs to the region's economy.

Our report asks whether economic development in Emeryville over the last decade has benefited all residents of Emeryville. We investigate to what extent redevelopment has delivered on its promise to make the city a better place to live. Have increased public revenues allowed the City to better meet critical needs for quality jobs, affordable housing and neighborhood services? In particular, has redevelopment improved the lives of those low-income residents most in need of increased economic opportunity? And since Emeryville is not an island, but one small part of a large and diverse region, what has been the impact beyond the city's borders? How many of the jobs that have been created pay a wage that allows working families to make ends meet? Is the East Bay as a whole better off or worse off as a result of Emeryville's growth?

Behind the Boomtown finds that, when assessed by this comprehensive set of criteria, Emeryville's growth is a mixed blessing at best. Public revenues have increased, and some services, such as police and fire, have benefited from relatively high levels of funding. Also, the city has outperformed other cities in the region on construction of affordable housing. However, as the North End neighborhood became more affluent, long-term residents were displaced. Numerous indicators of health in the city's older neighborhoods, including poverty levels, availability of parks and open space and school quality stayed the same or even worsened. Further, opportunities to meet many of these community needs have been permanently foreclosed as developable land has been given over to commercial uses and traffic congestion has grown more severe.

For the region as a whole, Emeryville's growth held even fewer benefits. A majority of the new jobs Emeryville created do not pay enough to support a family. At the same time, the City invests virtually nothing in job training to prepare the region's workforce for the high-skill, high-wage jobs of the future. The City attracted four times as many low-wage jobs requiring subsidized housing as it created units to house these workers. Therefore, when Emeryville's low-wage workforce goes home at night to neighboring cities like Oakland, Berkeley, and Richmond, they bring home their needs for public services like affordable housing. However, other government agencies share little of the increased revenue generated by Emeryville's redevelopment.

Our findings demonstrate that Emeryville, and by extension other localities pursuing a similar policy direction, needs a new plan for redevelopment. Government and developers cannot continue to focus on increasing tax revenue by attracting new businesses in the short-term without taking into account the impact on neighborhoods and the region in the long-term. Cities that work for all of their residents and contribute to healthy and vital regions cannot be attained by accident or as a by-product of growth. We must plan for them, and turn these plans into concrete strategies and standards that guide economic development decision-making.

The Emeryville community came together and developed a comprehensive vision for its future in the 1987 General Plan. For reasons we chart in this report, the

promise of that vision was not fully realized. We offer this report to the residents of Emeryville, and to policymakers and stakeholders in economic development throughout California, in the hopes that it will spark dialogue and debate towards a new vision. Our current crisis shows we can, and must, do a better job of planning for the future.

REPORT HIGHLIGHTS

In the last 13 years, Emeryville has attracted a tremendous amount of business investment.

- Since 1990, developers have built over three million square feet of new office space and three regional retail destinations.
- All told, private investors poured \$760 million into Emeryville's 1.2 square miles.

Emeryville's growth outpaced that of the greater East Bay region.

- While the number of manufacturing jobs continued to decline, Emeryville gained 5,500 net new jobs - a growth rate twice that of the greater region.
- From 1990 to 2002, assessed value of property in Emeryville grew by 48%, twice that of neighboring Oakland.

Emeryville's Redevelopment Agency played a central role in facilitating economic development.

- 95% of Emeryville's land area is under the jurisdiction of its redevelopment agency.
- From 1990 to 2001, the City spent \$157 million on economic development. This represented two out of every five dollars spent on all public services by the City.
- Using various economic development powers and resources, the City facilitated several of the largest projects developed over the last 13 years.

Emeryville's redevelopment generated tremendous revenues for the City and the Redevelopment Agency.

- The City of Emeryville's general fund grew by 63%, adjusted for inflation, over the period 1990 to 2001. The City ranks highest in the East Bay in general fund revenues per person and second highest in the Bay Area.
- Emeryville's redevelopment agency generated more "tax increment" revenue per person than any other redevelopment agency in the Bay Area.

Amidst a regional crisis of economic opportunity and hardship for working families, job growth resulting from Emeryville's redevelopment did not improve labor market conditions for low-income families.

- A review of the top 20 industries in job growth shows that new growth was primarily split between low-skill, low-wage paying industries such as retail and high-skill, better paying jobs such as computer-related services, with few middle wage jobs in between.
- Wages from new jobs are inadequate to lift low-wage workers out of economic hardship.
- For a family of three with one earner, seventy-two percent (72%) of the new jobs do not pay enough to make ends meet, according to a Basic Family Budget measurement.
- For a family of four with two earners, 45% do not pay enough to meet a Basic Family Budget threshold.
- A survey of retail and hotel employees from four City-facilitated redevelopment projects revealed that 87% of the jobs held by surveyed workers pay an inadequate wage for a family of four to make ends meet. These workers are not marginal earners: most earn at least half of total household income.

The City used its considerable redevelopment resources to develop relatively more affordable housing than other Bay Area cities, as measured by regional "fair-share" housing goals. However, the new supply of affordable housing was inadequate to meet the need created by Emeryville's redevelopment efforts.

- From 1991 to 2004, the City and private developers will have built 2,186 units of housing. Using tax increment revenues and an inclusionary zoning policy, the City will have reserved 30% of these units as affordable to very low to moderate-income households.
- However, the City did not produce adequate housing for the expanded Emeryville workforce.
- Of the affordable housing demand generated by all new jobs from 1991 to 2000, Emeryville only provided 27% of needed units.
- Of the affordable housing demand generated by new jobs created by redevelopment efforts from 1994 to 2002, Emeryville only provided 41% of needed units.
- Other cities in the region have had to absorb at least three out of four new worker households.

While the City exported housing demand from redevelopment efforts, other cities housing Emeryville's workforce lost out to Emeryville in revenue generation.

- Due to the development of three major retail centers, Emeryville garnered 70% of net new retail sales in all major cities along the East Bay's I-80/I-880 corridor from 1990 to 2001.
- As a result, from 1990 to 2002, Emeryville's sales tax revenues grew by 51%. Emeryville ranks highest in sales tax per person in the East Bay and second highest in the Bay Area.

A before-and-after comparison of key community conditions shows that, while redevelopment has had a number of positive impacts, it has failed to adequately address the most immediate needs of Emeryville's low-income residents.

- Conditions that improved:
 - The City's redevelopment efforts have improved residents' access to locally serving retail, such as a grocery store and a drugstore.
 - The City has facilitated the remediation of hundreds of acres of contaminated land, resulting in a decreased likelihood that residents will be exposed to hazardous industrial wastes.
- Conditions that did not improve, or worsened:
 - Low-income people of color were displaced from one of the city's three main neighborhoods as housing costs rose. Residents of another neighborhood experienced increased poverty and family hardship over the course of the decade.
 - The City did not provide adequate employment services to help low-income residents access growing economic opportunity in Emeryville.
 - Traffic congestion has increased significantly in Emeryville. Though the City has built several new roads and carried out extensive capital improvements to the existing circulation system, these efforts have not mitigated the high volume of traffic that has come with redevelopment.
 - Transit service for residents has improved as new bus routes were added to serve an influx of commuters and workers from surrounding cities. However, most shoppers drive to Emeryville, leading to heavy congestion on the weekends that inconveniences both auto and bus users.
 - The City failed to provide adequate park and recreation space to eastern Emeryville, the area of the city that is home to most of Emeryville's low-income residents.

CONCLUSIONS AND RECOMMENDATIONS

The City of Emeryville and other local governments concerned with improving redevelopment outcomes should consider the adoption of accountable development policies, including:

- Community Impact Reports (CIRs) that measure existing community and regional needs and the impact of a proposed development project on these needs.
- Community Benefits Agreements (CBAs), that set forth a range of community benefits that developers agree to provide as part of development projects.
- Living wage laws that require private firms benefiting from public resources to pay a wage that will prevent families from living in poverty.
- Local hiring and job training programs that connect residents to family-supporting jobs.

The City of Emeryville should also:

- Increase the tax increment set-aside and adopt a housing linkage fee to increase the supply of affordable workforce housing.
- Immediately adopt a comprehensive strategy and plan to provide the amenities and housing units necessary to attract families.
- Conduct a survey of North End and Triangle residents to discover the causes of ongoing displacement and adopt tenant protection policies.

The State should:

- Through redevelopment law, create both incentives and mandates for all local governments to ensure the creation of family supporting jobs when using redevelopment powers and resources.
- Eliminate public finance incentives that lead cities to prioritize retail over other land uses, at the expense of other cities and the region.

ENDNOTES: EXECUTIVE SUMMARY

¹ California Budget Project, *Budget Watch* vol. 9 no. 1, Feb 2003, p. 4; Lynda Gledhill, "State piling up debt to deal with deficit Nonpartisan analyst calls the strategy 'poor fiscal policy'." *San Francisco Chronicle*, Tuesday, May 6, 2003, p. A-13; "Controller reveals another budget headache: More state spending could increase deficit," *San Francisco Chronicle*, Saturday, May 3, 2003, p. A-21.

² Bluth, Alexa H., "Lawmakers return to face budget crisis," *Associated Press State and Local Wire*, Monday, December 2, 2002.

³ Gammon, Robert 'Brown's strike for housing.' *Oakland Tribune*, Monday, June 24, 2002.

⁴ California Redevelopment Association, *Legislative Update*, April 24, 2003, and May 2, 2003.

INTRODUCTION

"Economic development" - defined broadly as government stimulation of economic activity - can be a powerful force to help address the pressing needs of working families, create healthy communities, and revitalize cities and regions. It can create family-supporting jobs, and facilitate access to those jobs for low-income communities that have been historically "locked out" of economic opportunity. It can help meet the critical demand for decent, affordable housing. It can result in the construction of facilities that provide essential services such as education, childcare, health care, parks, and open space. It can clean up toxic sites for reuse and remedy environmental injustice. And finally, economic development can strengthen the infrastructure and tax base of cities that have been "hollowed out" by suburban migration, and build livable communities from the urban core to the suburban fringe.

Economic development can also make social and regional inequality worse. It can fuel the growth of the low-wage service sector, exacerbate the "hourglass economy," and sharpen the divide between the top and the bottom of the income scale. It can drive up housing costs, displacing long-term residents from their communities. Short-sighted economic development policies can divert scarce public funds away from community services and towards corporate subsidies, without any standards for whether those funds concretely benefit communities. Lack of coordination can heighten the competition between cities and suburbs for tax-generating businesses, and can worsen sprawl. Finally, economic development can simply move the chronic problems faced by inner-urban communities around the region.

In short, economic development can be either a boon or a bust for communities.

The goal of this report is to assess the outcomes of economic development in an economically distressed, inner-urban area using the City of Emeryville as a case study. Our primary question is:

Has economic development in Emeryville over the last decade benefited all residents of Emeryville and improved economic conditions in the East Bay region?

EMERYVILLE: A BIG LITTLE CITY

Emeryville is a small city of 7,300 residents nestled between Oakland and Berkeley, just across the Bay from San Francisco. While small in population compared to its neighbors, the 1.2 square mile city swells to 30,000 during the day with an influx of workers and shoppers from as far as Sacramento. Most come from the East Bay region of the greater Bay Area, comprised of Alameda and Contra Costa Counties, with a total population of 2.4 million.

The urban core of the East Bay has risen and fallen with the rest of industrialized, urban America over the last century. From the late 1800s to World War II, the East Bay served as a major transportation and manufacturing center, replete with big ships, rail yards, and smokestacks. A post-war decline left many of its communities in poverty, such as West Oakland, West Berkeley, and North Richmond, a distress from which they have not fully recovered. Like other inner-urban cities with high poverty rates, inner-East Bay cities have sought to improve economic opportunities for their residents by attracting private investment back to their jurisdictions. For the most part, their success has been marginal. Emeryville, however, stands out among them.

Over the last 15 years, the city of Emeryville has experienced a commercial renaissance unparalleled in the inner-East Bay. The dramatic increase in new businesses, jobs, and population in Emeryville since the late 1980s can only be described as a boom. The city attracted major developers who built millions of square feet of office space, three major retail and entertainment centers, and several large-scale, dense housing projects. The proactive use of government resources and powers to facilitate development has been critical to Emeryville's commercial success, especially since the early 1990s.

Emeryville's transformation has not gone unnoticed. The City has won an international award for returning polluted land, called "brownfields," to productive use.¹ Some advocates for regional smart growth laud the city's dense, infill type development such as large housing complexes and mixed-use projects.² Many of the city's neighbors envy Emeryville's ability to attract retail center developments, such as the East Bay Bridge center and Bay Street, which produce tax revenue windfalls.

Emeryville's success is particularly remarkable considering that the city shares an urban fabric of impoverished neighborhoods with Oakland and Berkeley - cities that have not experienced comparable growth. The few, older, residential neighborhoods within Emeryville look much like the neighborhoods across the border. Its older manufacturing areas have shared in the decline of industry throughout the region over the last several decades. But while the commercial areas on the West Oakland side of the I-580 freeway remain underused or abandoned, the Emeryville side is now a booming retail center.

It is clear that Emeryville's redevelopment and growth have benefited some residents of the city and the East Bay region. The city has attracted high-skill, high-wage industries, such as information technology and biotechnology, to the urban core. This has likely meant that fewer families are commuting to (or relocating to) the suburban fringe, thereby reducing sprawl. Similarly, Emeryville has added both high-end and "big box" retail, a convenience for shoppers who might otherwise travel to San Francisco or the suburbs. Finally, Emeryville is one of the few locations on the east side of the Bay Bridge to feature dense, urban-style high-rise housing.

Yet, this massive new investment in the East Bay's urban core is not without costs and risks. Large-scale development can greatly transform the livability of a community, for better or for worse. Communities can be fragile, and maintaining them requires balancing a host of conditions including commercial activity, housing, parks and open space, traffic, public amenities and neighborhood integrity. At particular risk are low-income residents that have long struggled to make their neighborhoods healthy places to live, work and raise a family. An influx of more affluent residents into the area can displace existing residents. New, high-paying jobs may be available only to more affluent professionals, leaving low-income residents with jobs that don't pay enough to support a family. Emeryville's remarkable transformation may be a harbinger of hope for the inner East Bay, but it may also represent new forces contributing to create regional inequality and economic hardship for low-income communities.

REPORT OUTLINE

Our timeframe for assessing outcomes is 1990 to 2002, when the City was most active in facilitating redevelopment.³ In the remainder of this introduction, we will establish the overall framework and method for answering our primary question. We will also prepare the reader with a snapshot of Emeryville today and a brief history of Emeryville leading up to the 1990s.

In Chapter 1, we will explore the scope of development in Emeryville and how the City facilitated change. This includes a summary of Emeryville's overall economic growth, its generation of tax revenues, and cleanup of brownfields. We will then describe the factors behind the success story, including the city's existing advantages, redevelopment strategy, and use of public resources to attract developers. Several key deals between the City and developers will be examined to better understand how the City influenced the outcomes of redevelopment.

In Chapter 2, we will assess key regional outcomes of Emeryville's transformation over the last decade. Emeryville plays a regional role in economic activity, generating jobs and retail sales greatly disproportionate to its small population. We assess the impact of the new jobs on the region's low-wage workforce and on the demand for affordable housing. We also assess the extent to which Emeryville has captured a disproportionate share of regional sales tax generated from retail developments.

In Chapter 3, we assess the outcomes over the last decade for the city's residents with a particular focus on Emeryville's older neighborhoods. We use several key indicators of economic hardship and community livability to measure the outcomes. Each indicator begins with an assessment of challenges facing residents or the city in the early 1990s. We then assess the City's progress on addressing these challenges as the city transformed.

We end the report with overall conclusions and a set of recommendations for improving economic development process and policy.

REPORT FRAMEWORK

In order to assess the outcomes of redevelopment in Emeryville, we draw upon an accountable development tool called a Community Impact Report (CIR).⁴ The California Partnership for Working Families has created the CIR tool to provide decision makers with a comprehensive assessment of the social and economic impacts that a given development project will create. It compliments the Environmental Impact Report (EIR) process by establishing a consistent set of measurable community impact indicators, such as job quality, affordable housing, and childcare, which the EIR does not measure.⁵ A CIR process also provides community residents and other stakeholders in a project an opportunity to hold local government and developers accountable for the community impacts of a project.

The CIR method first establishes existing conditions in a community and region, such as the need for employment, housing, neighborhood services, and tax revenue. Following this baseline of existing conditions, the CIR measures the impact of a proposed development project against community needs.

Using this CIR framework as the basis of our analysis, we chose a set of indicators that represent critical community and regional stakeholder needs. For our regional analysis, we establish a baseline assessment of the region's economic opportunity and affordable housing crises and then assess whether these have been made better or worse by Emeryville's redevelopment. For our community analysis, we establish several conditions and community needs present in the early 1990s and assess whether they have improved or worsened.

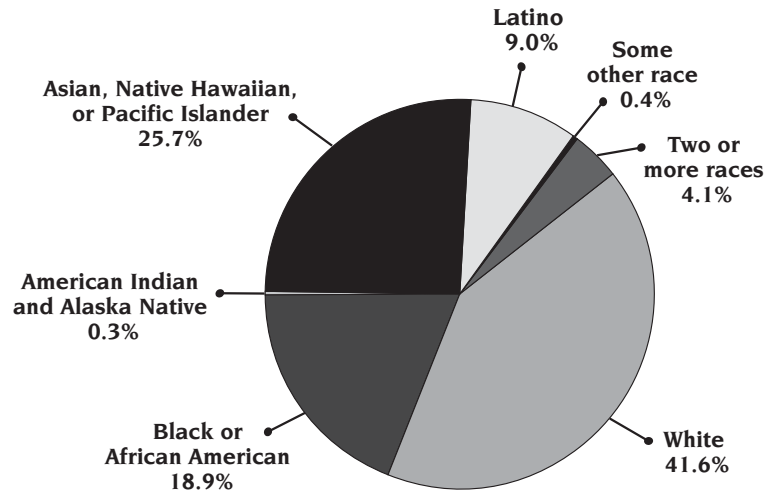
The CIR framework allows for an historic assessment beyond the face value to the city and region of the new buildings, infrastructure, jobs and services available in Emeryville today. The gleaming new face of Emeryville masks some historic conditions that must be examined to understand the impacts to the area's more vulnerable residents.

A SNAPSHOT OF EMERYVILLE TODAY

Emeryville is home to 7,300 residents, representing only a small portion of Alameda County's 1.5 million residents. Like Alameda County, Emeryville has a racially diverse population. (See Figure I.1.) In comparison to the county, Emeryville has a higher proportion of African American and Asian residents, a lower proportion of Latino residents, and a slightly higher percentage of white residents.

Emeryville, with a median household income of \$55,946, is somewhat less affluent than Alameda County (\$65,857). The city's population in 2000 included fewer children and youth than the county's did—only 11.4% of Emeryville's residents were

Figure I.1: Emeryville Racial Composition 2000



Source: Census 2000 SF1

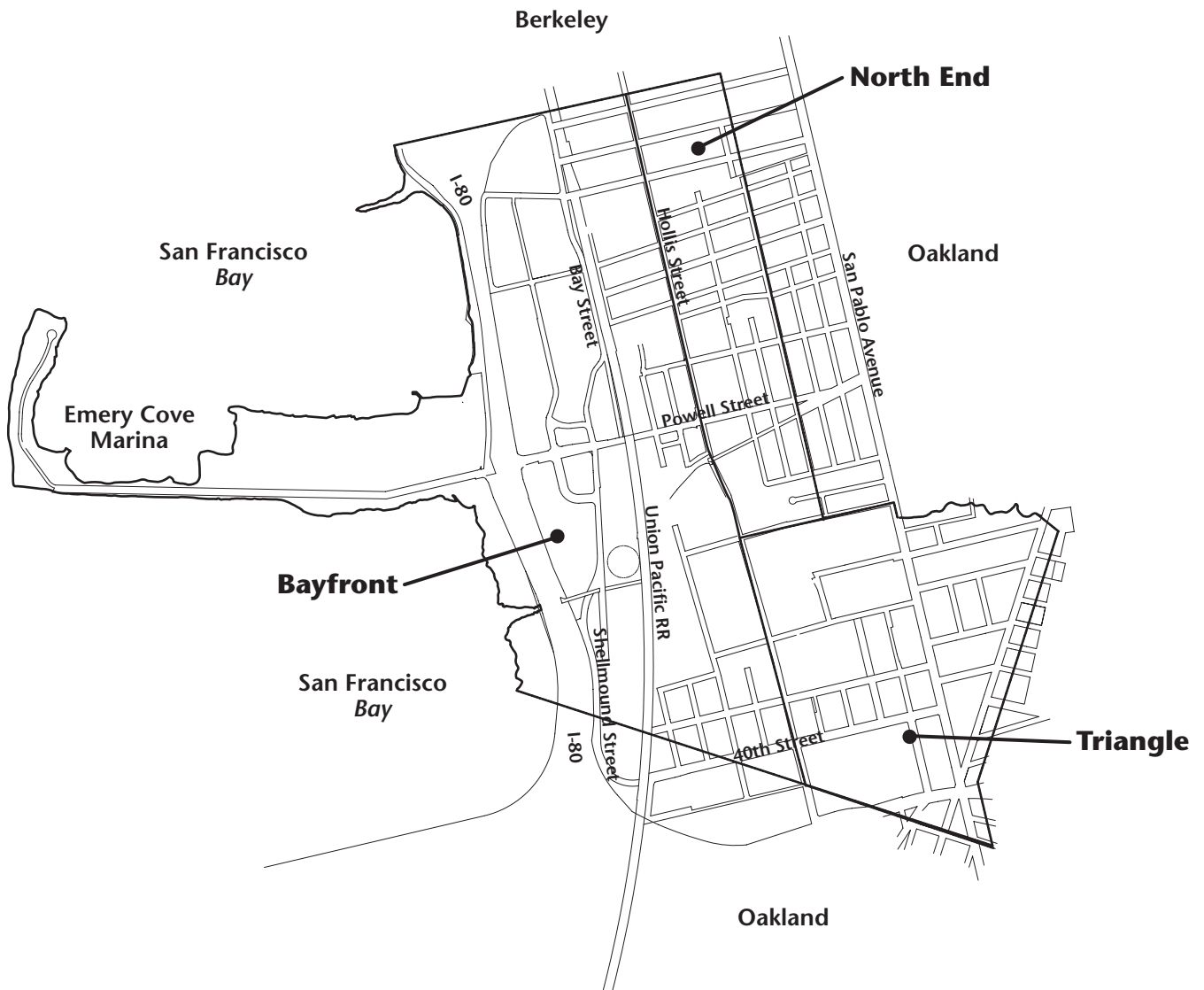
under 18 years old, whereas the under-18 group comprised 24.6% of the population in Alameda County. Twenty-nine percent (29%) of Emeryville households are families, far below Alameda County's 65% family-based households. Emeryville is thus largely a community of unrelated roommates and individuals living alone.

Emeryville is divided into three areas with distinct socio-economic and demographic characteristics: the Bayfront area in the western half of Emeryville, and the North End and Triangle areas in the eastern half. (See Figure I.2)

The Bayfront, with 3,867 residents in 2000, encompasses all the land between Hollis Street (one block east of the railway corridor) and the San Francisco Bay. Its high-rise condominiums, hotels, and office towers dominate the skyline above Emeryville's undeveloped coastline and the I-80 freeway hugging the water. A human-made peninsula, jutting out in a crescent shape into the bay, shelters a municipal marina and the 1,200-unit Watergate condominium complex. Landward, between the freeway and the railroad tracks, lie regional retail magnets IKEA, the Public Market, Bay Street, and Powell Street Plaza, whose signs boldly announce entertainment retail, and hospitality services to freeway travelers. The Bayfront is home to many fixed-income seniors, and includes the Emery Bay apartments, which are moderate-income rentals with a high percentage of student residents. Bayfront residents are primarily white and Asian - the area has significantly lower percentages of African-American and Latino residents when compared to the North End and Triangle areas.

The North End, with a population of 759 in 2000, is located in the northeastern corner of the city. The residential fabric of this area is made up of single-family

Figure I.2 Emeryville Neighborhood Areas



detached homes and loft conversions, with some newly constructed loft housing. The North End has become the most affluent of the city's three areas, and has a more racially diverse population than the Bayfront.

The Triangle, with 2,256 residents in 2000, occupies the southeastern part of the city. Unlike the more cohesive North End, the Triangle is a mix of single-family dwellings and multi-family buildings. A housing complex called Emery Bay Villa lies in the northern part of the Triangle, while a traditional residential neighborhood is located in the area's southeastern corner. This area also includes some of Emeryville's largest commercial development projects: Pixar Animation Studios and the East Baybridge Center. The Triangle has a higher percentage of people of color (72.4%) than both the North End (54.7%) and Bayfront (51.0%) areas. It has the lowest median household income of the three areas, and the highest rate of poverty.⁶

A BRIEF HISTORY OF EMERYVILLE

In 1859, Joseph Emery bought a 200-acre tract of land on the east side of the San Francisco Bay, just north of the Oakland border. At that time, the land was still an unincorporated part of Alameda County, under the jurisdiction of the County Board of Supervisors. Emery, a successful developer of stone quarries, had made much of his money from government contracts. He chose to settle outside of Oakland to avoid paying municipal taxes.⁷

During the next several decades, the area around Emery's land flourished. By the early 1890's the Emery tract had become a growing and prosperous community, home to a horse track, two established neighborhoods, and a district filled with slaughterhouses and meatpacking plants, also known as "Butchertown."

Pressure began to build for Emery's land to become part of a city. In 1896, the nearby Temescal district began to circulate a petition proposing a town that would include both the Temescal community and Emery's tract of land. According to the Emeryville Historical Society, this movement "worried Emeryville businessmen, who did not want to be part of a municipality they could not control."⁸ In response, business and racing interests endorsed an alternate proposal to incorporate the territory north of Oakland into the town of Emeryville. The slaughterhouses, meatpacking plants, and the racetrack had all faced considerable opposition from residents, and so they believed that the incorporation of a town dominated by their collective interests could protect them from the complaints of residents.

Following an election on December 2, 1896, Emeryville was incorporated and voters elected a slate of pro-business trustees, the equivalent of a city council. The few hundred voters elected W.H. Christie, the manager of the Judson Steel factory, as mayor. He would hold this position for almost 40 years.

By the mid-thirties, the town had attracted a solid manufacturing base, with over 100 individual plants.⁹ The tradition of business having a firm hand in City politics

was well established. Following in W.H. Christie's footsteps, Al LaCoste, a Butchertown packing boss, was elected as mayor in the late 1930s. Like Christie, his term would last more than three decades.

The town had also gained a reputation as a haven for gambling, dog racing, and corrupt government. In 1927, Earl Warren, the then district attorney for Alameda County, deemed Emeryville, "the rottenest city on the Pacific Coast."¹⁰

In the 1970s Emeryville's landscape began to change. Lathrop construction completed the first of the city's major housing developments, the Watergate Apartments on the Emeryville peninsula, in 1971.¹¹ By the late 1970s, the city's older industries had begun to move to the suburbs or close up shop altogether. With vacant warehouse and industrial space becoming available, Emeryville began to see the development of a community of artists who converted several of the buildings into live/work space. In 1984, the city's second major housing development, the high-rise, Pacific Park Plaza, was completed. The two new housing complexes doubled the city's population to nearly 4,000 residents.

With all of the new residents moving into Emeryville, the political climate began to change. The politics of the town had historically been dominated by a few individuals: first mayors W.H. Christie and Al LaCoste, and more recently, LaCoste's son John, who served as Police Chief until 1986. In the early 1980s, however, a corruption scandal surrounding the Emery Bay Village development set the stage for political change. The project was intended to provide housing for low and moderate-income residents of eastern Emeryville, but many of the units were sold to politically connected residents at below market values.¹²

In 1986, Emeryville's residents launched a serious bid to change the direction of city politics. They elected a slate of city council members under the name of the "All Emeryville Alliance."¹³ In addition, John Lacoste was removed from his post as Police Chief. The momentum of this new political organizing carried over into unprecedented citizen participation in developing the City's updated General Plan in 1987.

For many residents, this document represented the first ever citizen vision for the development of their town. They knew that change was coming, and that the city's location provided it with unique opportunities in its redevelopment. Taking into account all of the many possibilities open to the changing city, residents called for greatly expanded parks and open space, expansion of affordable housing opportunities, and the creation and retention of jobs for Emeryville residents, among many other goals.

The late 1980s also saw the first major redevelopment efforts in the city. Developer David Martin built several large office buildings and the Emeryville Public Market, which included office space, a movie theater, bookstore and food court. These projects were carried out without much assistance from the City. One redevelopment expert believed that Martin's projects were the first indication that

large-scale reinvestment in Emeryville had become feasible for private developers.¹⁴ Another private developer built the Powell Street Plaza, home to small to medium-sized stores that include Trader Joe's, Tower Records, Pier 1 Imports and Circuit City. By the early 1990s, the City had clearly begun its transformation. However, much of the city's commercial areas still lay abandoned, underused or contaminated, awaiting redevelopment.

ENDNOTES: INTRODUCTION

¹ City of Emeryville, www.ci.emeryville.ca.us/news/bangemann.html, accessed February 2003.

² Wheeler, Stephen, *Smart Infill: Creating More Livable Communities in the Bay Area*, Greenbelt Alliance, 2002.

³ Time frames will vary from analysis to analysis, however, primarily due to data limitations.

⁴ For a list of other accountable development tools, see the Conclusions and Recommendations section.

⁵ Currently, the State of California requires local governments to adopt Environmental Impact Reports (EIRs) for major development projects. The California Environmental Quality Act (CEQA) prescribes both the report content and the process to develop the report.

⁶ For this study we use the 200% of the poverty-income level to define poverty in the East Bay.

⁷ Emeryville Historical Society, "The Incorporation of Emeryville," *Journal of the Emeryville Historical Society*, Volume VII, Number 4, Winter 1996.

⁸ Ibid.

⁹ Walker, Richard, "Industry builds the city: industrial decentralization in the San Francisco Bay Area, 1850-1940," *Journal of Historical Geography*, 27/1:36-57, 2001

¹⁰ Palmer, Joanna, "Boomtown," *The Oakland Tribune*, August 17, 1997.

¹¹ City of Emeryville, 1992 *Housing Element*, 1992.

¹² McCulloch, Virginia, "Where is Emeryville, California?," *Bay Cities Observer*, <www.newsmakingnews.com/vmemeryville7,14,01.htm>, accessed November 2002.

¹³ Interview with Greg Harper, Feb. 13, 2002.

¹⁴ Interview with Glenn Isaacson.

CHAPTER I: BEHIND THE REDEVELOPMENT STORY

SUMMARY

Business in Emeryville is booming. Over the last decade and a half, the city's landscape has transformed from shuttered factories to big-box stores and office complexes. In this chapter, we provide an account of this remarkable transformation and explore in-depth the City's role in facilitating the boom.

Since 1990, developers have built over three million square feet of new office space and three regional retail destinations. Two high-tech corporations erected striking new headquarters. All told, private investors poured \$760 million into Emeryville's 1.2 square miles. While the number of manufacturing jobs continued to decline, Emeryville gained 5,500 net new jobs – a growth rate twice that of the greater region.

Several factors help explain why developers and businesses were drawn to Emeryville. The city's central location at the nexus of four Bay Area freeways and the availability of large parcels of land gave it an edge over neighboring cities. City government's orientation toward business, low tax rates, and desire to provide a smooth development process made locating in Emeryville attractive. Extensive capital improvements provided the necessary infrastructure for new, high-intensity land uses. The City's willingness to allow large-scale developments that changed the shape and character of the landscape provided developers with opportunities rarely found in the densely-built urban environment of the East Bay.

The City also made extensive use of State-granted redevelopment powers to take land for private development and to fund large-scale redevelopment efforts. With 95% of the city under the jurisdiction of the redevelopment agency, the scope of these powers extended to nearly every parcel of land. Emeryville's redevelopment agency used "tax increment financing" to generate more revenues per person than any other redevelopment agency in the Bay Area. These revenues funded the city's redevelopment. From 1990 to 2001, the City spent \$157 million on economic development. This represented two out of every five dollars spent on all public services by the City.

Five projects illustrate Emeryville's use of powers and resources to attract development:

- **East Baybridge retail center:** The City chose to relinquish the community-generated General Plan vision for the city's southern border in order to facilitate a big-box retail development that boosted sales tax revenues.
- **Chiron Corporation laboratories and world headquarters:** The City committed up to \$100 million in development subsidies to keep this biotech giant headquartered in Emeryville. However, public concern over the project's imposing physical stature and extensive regional impacts resulted in over \$20 million in fees and contributions to address community impacts of the project.

- **Pixar Animation Studios corporate campus:** The City allowed Pixar to create a “superblock” within the city’s street grid for a low-density corporate campus that includes a private park, swimming pool and jogging track.
- **Bay-Shellmound project:** The City helped finance and build a \$30 million bayfront transportation corridor, without which Bay Street, an IKEA store, a Marriott Courtyard hotel and a Woodfin Suites hotel could not have been built.
- **Bay Street mixed-use project:** The City assembled and cleaned-up polluted land over a ten-year period, provided five million dollars in direct financial assistance and tendered an \$18 million, low-interest loan in order to assist developer Madison Marquette in building this upscale regional retail center and housing development.

THE TRANSFORMATION OF A CITY

After a dramatic exodus of manufacturing business over the last thirty years, Emeryville has reemerged as a major generator of economic activity in the East Bay region. Although the transformation began in the mid-1980s, redevelopment has shifted into high gear during the last 13 years. Driven by hundreds of millions of dollars in private and public investment, the city has become a corporate office center and retail and hospitality hub for the East Bay. Thousands of new jobs have been added to the region’s economy and a new landscape has emerged.

Attracting Private Capital

While older industries were still shuttering factories, new private capital flocked to Emeryville. From 1990 to 2001, the City authorized over \$760 million worth of commercial building permits.¹ Despite the closure of several major industrial facilities including Judson Steel, Grove Valve and Regulator, Berkeley Farms, and Sherwin Williams, Emeryville’s total assessed property value increased by 48% compared to Oakland’s overall growth of 25%.²

Since 1990, Emeryville has seen the construction of over three million square feet of office space and the development of two major corporate campuses (Pixar and Chiron). Among the cities of the I-80/I-880 corridor, from Hayward to Richmond, Emeryville is second only to Oakland in its amount of leasable office space (3.7 million sq. ft.).³ While Emeryville’s population is only 2% of Oakland’s, the amount of office space in Emeryville is equal to 25% of that of its larger neighbor.

The city also attracted some of the market area’s largest retail stores and centers. Two large shopping centers, East Baybridge and Bay Street, opened in the last 10 years. In 2000, IKEA opened its most successful store in North America in Emeryville’s South Bayfront area. Other major stores that have located in Emeryville include Home Depot, CompUSA, Expo Design Center, Toys R Us, and Pak’N’Save. New hospitality and entertainment venues include Marriott Courtyard Hotel, Woodfin Suite Hotel, and a 16-screen AMC movie theatre.

Generating Jobs

Jobs grew from 14,360 to 19,901 in the Emeryville zip code from 1991 to 2001- twice the growth rate of the greater East Bay region.⁴ Emeryville developers have added more than 3,000 office, retail, and hotel jobs since 2000.⁵ (See Chapter 2 for a full discussion of job growth in Emeryville.) Major employers that have located or expanded in Emeryville since 1991 include Chiron Corporation (1,900),⁶ Pixar Animation Studios (667), Siebel Systems (537), LeapFrog (426), and Peet's Coffee (181).⁷ Chiron and Pixar alone plan to increase employment by at least another 4,000 jobs over the next 20 years.

Public Facilities

Emeryville city government has contributed to the city's physical transformation by building new public facilities and renovating old ones. Most striking are a new, all glass City Hall building (2001) and new Amtrak station (1993) that serves commuters traveling to and from Silicon Valley and the Central Valley. The City built a new child-care center in 1992 and then renovated the Veteran's Memorial Building, which houses a senior center, in 1997. The City also installed several small parks, and built a brand new, state-of-the-art fire station on the peninsula (1991). Citywide road renovation and sidewalk repair have further improved Emeryville's appearance. In the last few years, the City has planted one thousand trees and built dozens of landscaped street medians.⁸

Emeryville's transformation stands in contrast to the surrounding urban areas. Considering the continued under-use and abandonment of other commercial areas in the inner-East Bay, the scale of commercial redevelopment in Emeryville's 1.2 square miles is remarkable. How did it happen? What allowed Emeryville to attract this scale of development? We explore this question in the next section.

EMERYVILLE'S FORMULA FOR ECONOMIC DEVELOPMENT

In this section, we consider the factors and strategies that contributed to Emeryville's successful economic development. How did this small town make great strides where larger neighbors experienced only modest gains? Interviews with developers and city officials reveal three factors that contributed to the city's success: existing advantages, orientation toward business, and the use of City powers and resources to assist developers.

Existing Advantages

The city's most important existing advantage is obvious to most people who visit Emeryville – its central location. Emeryville sits at the intersection of four of the Bay Area's most important freeways – I-880, I-580, I-80, and Highway 24 – at the foot of the Bay Bridge. Location has been key to the attraction of both high-tech companies and retail.⁹ The town is minutes from San Francisco and U.C. Berkeley,

and is centrally located relative to the greater Bay Area. City officials claim that one million people pass by the city every day.¹⁰ In fact, IKEA chose to locate in Emeryville primarily for its proximity to and visibility from the freeway.¹¹ Situated between Oakland and Berkeley, Emeryville enjoys access to a substantial number of highly skilled workers and affluent shoppers living in the hill areas.

The city's other existing advantage is the large size of available land parcels. Historically, Emeryville attracted enterprises that needed large tracts of land, such as racetracks, stadiums, slaughtering yards, steel mills, and canneries. The large parcels left behind as these industries moved out have played a significant role in attracting a new generation of large-scale land uses. Development practitioners agree that this is a significant advantage, as assembling enough land for large retailers and commercial projects is one of the major challenges to economic development in the Bay Area.¹² IKEA, for example, needed to purchase only one large parcel from a single owner. The Pixar Animation Studios campus was assembled primarily from two defunct plants, a Del Monte cannery and a PepsiCo bottling facility. Pixar CEO Steve Jobs commented, "Where else this close to San Francisco can you find a plot of land this size?"¹³ These geographic and parcel size advantages by themselves are responsible for much of the business interest in locating in Emeryville.

Orientation Toward Business

As a city with a small residential population and a large commercial base, the city government's financial fortunes are closely tied to business activity. It is not surprising, then, to find that Emeryville is perceived to be a city that puts business interests first. Historically, taxes have always been lower compared to other cities in the region – a factor still attractive to business today.¹⁴ In addition, the City boasts a relatively streamlined planning and permitting process. During the last decade of economic growth, the City showed a high degree of willingness to work with developers, especially when compared to other inner-East Bay cities.¹⁵

Use of Powers and Resources

Beyond creating a friendly environment for business, Emeryville exercised considerable powers and resources to attract development and to create the infrastructure needed to accommodate more intense land use. These included capital improvements, land use allowances and General Plan amendments, City staff assistance, and the use of redevelopment agency powers. Each of these is described in detail below.

■ Capital Improvements

During the past decade, Emeryville increased the capacity of its road system to accommodate the influx of thousands of new commuters and shoppers.¹⁶ The City has expanded dozens of intersections, created a new north-south corridor on the bayfront (Bay-Shellmound project), reconstructed older streets, and erected a four-lane bridge over the railroad corridor to provide a second

east-west arterial. The City has also replaced 65% of existing sewer lines and helped facilitate the under-grounding of public utilities.¹⁷ Much of the new commercial and retail development could not have occurred without these road and utility investments.

- **Land Use Allowances and General Plan Amendments**

Through its General Plan process and zoning regulations, the city government has been able to exert a measure of control over the activities allowed in any given part of the city. The predominance of commercial land use in Emeryville, combined with the abandonment of large industrial facilities, has given the city a unique opportunity to re-invent itself. The 1987 General Plan, the first serious effort by the City and community residents to engage in long-term planning, established a set of land use goals that reflected the desires and needs of the community.¹⁸ Although the City has the power to reject projects whose land uses are incompatible with the General Plan, it can also choose to change the plan and make other regulatory exceptions to accommodate specific developments. Over the last decade, the City has enabled many of the largest developments through exceptions and amendments to the General Plan.¹⁹

- **City Staff Assistance**

For a city of approximately 7,300 residents, Emeryville has an unusually large proportion of its staff dedicated to planning, permitting, and economic development programs.²⁰ Over the past decade, City staff have ushered through some of the largest commercial and retail development projects in the East Bay. The scale of the projects, combined with complications such as underground pollution and an inadequate street grid, required that substantial staff resources be directed toward assisting developers. In some cases, the City required developers of large projects, such as Chiron and Pixar, to pick up the costs for staff time. However, since government officials can coordinate between different jurisdictions and agencies in ways that the private sector cannot, the value of City staff assistance cannot be calculated simply in monetary terms.

- **Redevelopment Agency Powers**

California Community Redevelopment Law gives cities and counties special powers to plan, fund, and exert control over redevelopment. These include the ability to divert tax revenue from other local jurisdictions and the ability to take privately owned land for commercial purposes. Redevelopment agencies also negotiate binding legal contracts that set out the details of City and developer responsibilities for each redevelopment project. The State grants these powers for the express purpose of eliminating blight and revitalizing economically distressed areas.²¹

In order to use these expanded powers, cities and counties must first establish “redevelopment areas,” geographically defined areas within their jurisdic-

tion that qualify for redevelopment activity. Once an area is established, the local government must create a “redevelopment agency” to oversee redevelopment activity, and a “redevelopment plan” to outline specific goals and strategies, and to estimate costs.

Emeryville has created two redevelopment areas over the last three decades. The first, which includes about 50% of the city, was created in 1976 and is called the “Emeryville Redevelopment Project Area.” This act by the City Council also created the Emeryville Redevelopment Agency (ERA). The second area, which includes another 45% of the city’s land, was created in 1987 and is called the “Shellmound Park Redevelopment Project Area.” Together, they cover 95% of the city’s land area (see Figure 1.1). Only a handful of cities in California have as high a proportion of their land subject to redevelopment authority. Through the Redevelopment Agency, the City of Emeryville has the ability to exercise exceptional power in reshaping the city.

“Tax increment financing” (TIF), one of the unique redevelopment agency powers, provides the majority of revenue for redevelopment activities in California.²² In short, TIF is the ability to divert property tax revenues levied by other governments into a special fund reserved for redevelopment activities and controlled by a redevelopment agency. Normally, property tax revenues are divided between a number of overlapping taxing jurisdictions - in Emeryville’s case there are more than 20. The largest shares of Emeryville property tax go to the County’s general fund (44%), City’s general fund (22%), the Emery Unified School District (12%), and AC Transit (7%).²³ In the absence of redevelopment, as the total assessed value of property in a city or county rises, each taxing jurisdiction receives more in property tax revenue. Under TIF, however, the amount of revenues flowing to these entities can be frozen for up to 50 years.²⁴ Any increase in property tax revenues generated within the redevelopment area is diverted directly to the redevelopment agency. This growth in tax revenue is referred to as the “tax increment.”

The second unique redevelopment agency power is the expanded use of eminent domain, the government’s right to take possession of private property. State and federal law prohibit governmental agencies from exercising the power of eminent domain unless the taking of private property is for public use and fair compensation is paid. However, State and Federal courts have ruled that the eradication of blight through redevelopment can be considered “public use.” Ordinarily, public use implies public ownership of any subsequent improvement, e.g., a school, government facility, or freeway. The use of eminent domain for redevelopment is unique because the land taken may be transferred from one private owner to another. This capability gives a redevelopment agency considerable power over the private sector. If a landowner is not willing to sell property on acceptable terms or otherwise comply with the agency, the agency can simply take possession of the land and compensate the owner at the fair market value.

Figure 1.1 Emeryville Redevelopment Areas



The City can also use the leverage provided by redevelopment powers to facilitate development agreements with private developers or firms. These agreements define the scope of a project, set out obligations of the City to the developer, and obligations of the developer to the City. For example, the City may commit to building infrastructure or paying extraordinary environmental remediation costs and a developer may commit to paying certain fees or providing mitigations. For projects within a redevelopment area, a redevelopment agency can, in most cases, require a private developer to enter into such an agreement.

In some cases, these powers are exercised independently by a redevelopment agency. Cities such as San Francisco and Los Angeles have established appointed bodies to govern their redevelopment agencies. However, in most cities, including Emeryville, the City Council serves as the governing board of the redevelopment agency. For the sake of simplicity, we refer to the ERA and City of Emeryville interchangeably throughout this report.

The unique combination of location, parcel size, business orientation, and special redevelopment powers has driven the demand for Emeryville land. Emeryville has enjoyed a far better bargaining position than cities like Oakland and Richmond. In the next two sections, we discuss how the City leveraged these advantages to attract development. We describe how Emeryville generated unusually large amounts of tax increment through the redevelopment agency and how the City has worked closely with private developers to facilitate development.

FINANCING REDEVELOPMENT

The city's small residential population belies the scope and scale of its redevelopment activities over the last decade. The City boasts one of the largest redevelopment agency incomes from tax increment in the Bay Area and ranks high among agencies statewide in per person tax increment. The majority of Emeryville Redevelopment Agency revenues generated since 1990 have gone toward project site improvements, public capital improvements, and administration.

Emeryville in Comparison

The tax increment generated by Emeryville's two redevelopment areas is striking when compared to other cities in the Bay Area and even the State. Emeryville's tax increment revenue in FY 1998-1999 put it 12th out of 66 agencies in the Bay Area in total amount (see Table 1.1).²⁵ Emeryville generated 40% of the increment that Oakland did and one-third the increment of San Francisco. Even more notable, the ERA generated far more increment per resident than any other agency in the Bay Area.²⁶ At \$1,572 per person, Emeryville's rate of per person tax increment generation was dozens of times higher than the region's major cities, such as San Jose (12 times), Oakland (24 times), and San Francisco (40 times).

Table 1.1: Top 15 Bay Area Redevelopment Agencies With The Most Tax Increment (FY 1998-1999)

City	Tax Increment	Population (2000)	Tax Increment Per Person
San Jose	112,216,795	894,943	\$125
San Francisco	30,384,383	776,733	\$39
Oakland	26,250,032	399,484	\$66
Milpitas	21,558,513	62,698	\$344
Santa Clara	17,839,088	102,361	\$174
Fairfield	15,517,175	96,178	\$161
Vacaville	13,729,432	88,625	\$155
Fremont	13,648,880	203,413	\$67
Pittsburg	13,615,797	56,769	\$240
Morgan Hill	12,416,013	33,556	\$370
Emeryville	10,819,470	6,882	\$1,572
Concord	10,044,354	121,780	\$82
Foster	9,569,700	28,803	\$332
Richmond	8,210,512	99,216	\$83
Menlo Park	6,744,113	30,785	\$219

Source: California State Controller, 2000 Census

The ERA also ranked high among agencies throughout the State. It ranked 45th out of 341 agencies in total amount of increment and sixth overall in the State in terms of tax increment per person. As another comparison, Emeryville is only 1/500th the size of Los Angeles, but generated one-eighth the increment (\$84.5 million) of the Los Angeles Community Redevelopment Agency.

Emeryville's redevelopment activities make up a tremendous proportion of the City's overall public spending. The City spent \$158 million on redevelopment efforts over the period of 1990-2001.²⁷ By comparison, Emeryville spent \$100 million on public safety, which accounts for the largest portion of most cities' spending, and \$220 million in total for all public services.²⁸ Overall, redevelopment agency spending constituted two dollars for every five spent by the City over this time period.

Revenues and Expenditures

From 1990 through 2001, the ERA generated \$164 million in revenues, from multiple sources (see Table 1.2).²⁹ Tax increment generated \$94 million, or 58%. Net bond proceeds provided \$11 million by 2001. Sale of real estate and fixed assets provided another \$8 million, or 5%. Finally, other revenues, such as interest on investments, provided another \$51 million, or 31% of the total.

Table 1.2: Sources of Redevelopment Agency Funds, Fiscal Years 1990-1991 through 2000-2001

<i>Source</i>	<i>Revenue (in millions)</i>	<i>Percent of Total</i>
Tax Increment	94.2	58%
Other Revenues	50.6	31%
Bond Proceeds Net of Debt Service ³⁰	11.0	7%
Sale of Fixed Assets & Real Estate	8.0	5%
<i>Total Sources</i>	163.8	100%

Source: California State Controller

During the same time period, the ERA spent \$158 million on a wide range of redevelopment activities (see Table 1.3).³¹ The largest share, \$67 million, was spent on improvements to redevelopment sites or on public capital improvements. Another \$33 million, or about 20%, funded staff time and other administrative costs. The ERA spent \$29 million on acquiring land for both private and public purposes, or about 18% of the total. The remaining \$29 million was spent on other professional services, planning, housing subsidies to low and moderate-income families, rehabilitation of privately owned buildings, and miscellaneous expenditures.

Table 1.3: Use of Redevelopment Agency Funds, Fiscal Years 1990-1991 through 2000-2001

<i>Use</i>	<i>Revenue (in millions)</i>	<i>Percent of Total</i>
Site Improvements and Infrastructure	\$66.7	41%
Administration	\$33.0	20%
Real Estate and Fixed Asset Acquisition	\$28.7	18%
Planning, Survey & Design	\$9.4	6%
Professional Services	\$6.5	4%
Other Expenditures	\$7.2	4%
Housing Subsidies to Families	\$3.2	2%
Rehabilitation Of Buildings	\$2.9	2%
<i>Total Expended</i>	\$157.6	96%
Net Unspent Revenues	\$6.3	4%
<i>Total Uses</i>	\$163.8	100%

Source: California State Controller

KEY REDEVELOPMENT PROJECTS DESCRIBED

Most of the city's largest developments since 1990 required substantial assistance and coordination with the City. We explore five of the most important and illustrative projects below. They include:

- The East Baybridge shopping center
- Chiron Corporation laboratories and headquarters
- Pixar Animation Studios corporate campus
- Bay-Shellmound project
- Bay Street shopping center and housing complex

Collectively, these projects represent about \$500 million in private investment; City financial assistance included \$17 million in subsidies, millions in low-cost loans, and a commitment of up to another \$91 million in subsidies.³² The projects have brought about considerable changes to the city's street grid, resulting in both the removal and creation of streets. Additionally, several General Plan amendments were necessary for project approvals. Finally, they all demonstrate a concerted effort by City staff to broker complex deals and navigate tricky legal, environmental, and planning issues.

To facilitate each of the above development projects, the City signed agreements with developers or companies that spelled out mutual obligations. For each project below, we describe these deals. We also provide background on the projects, their scope, and a discussion of key community issues and mitigations negotiated in the agreements. See Figure 1.2 for a map locating each project within the city.

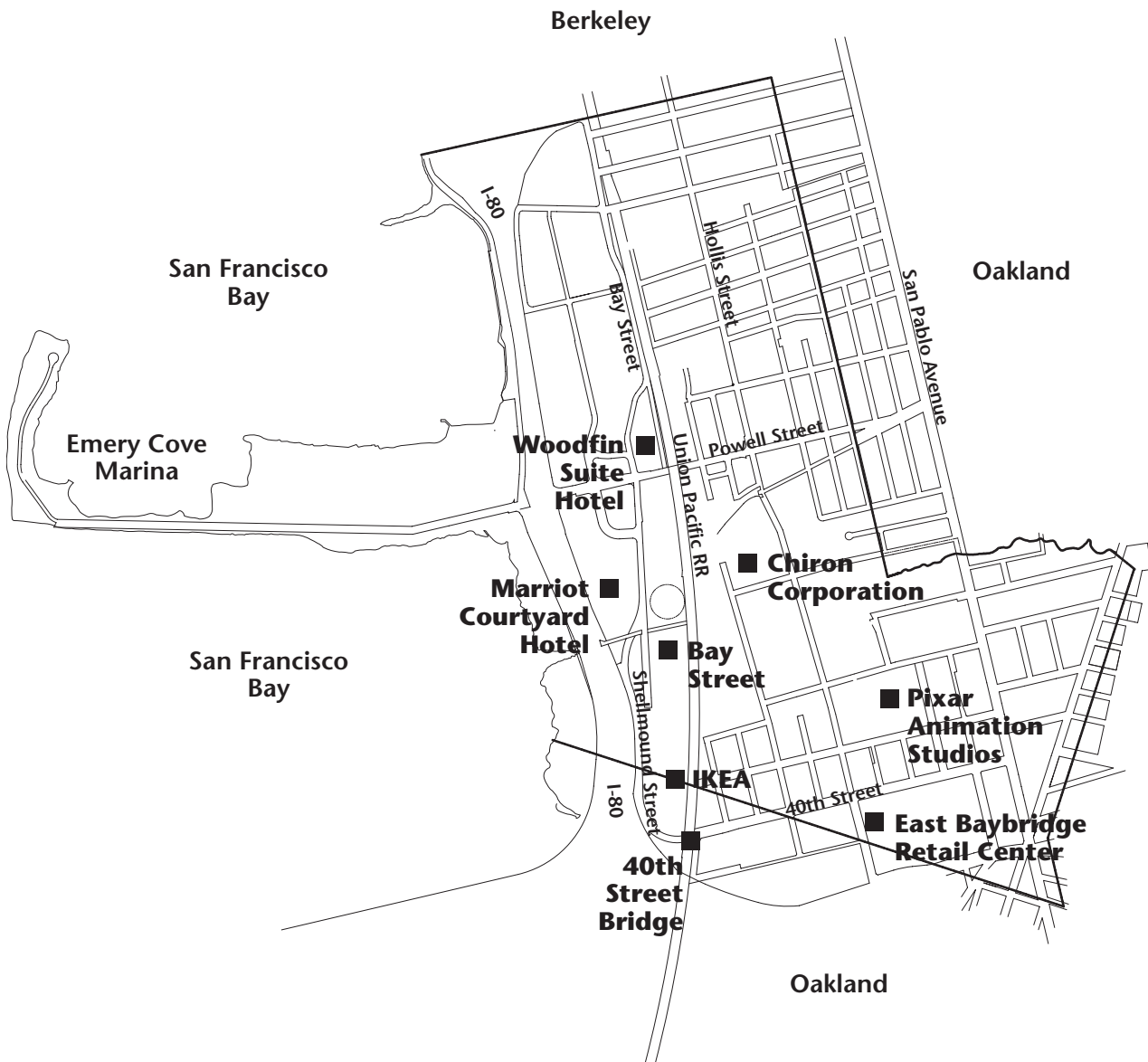
Note that the Bay-Shellmound project was not a privately sponsored project, but a major infrastructure improvement critical to the success of projects located in the bayfront area and along the southern border of the city.

East Baybridge Center

The East Baybridge shopping center, a "big box" type shopping center, represented the first and perhaps most dramatic change to the older part of Emeryville, east of the railroad tracks. Sited on 50 acres of former rail terminal land, the center's Home Depot, CompUSA, Office Max, SportMart, and expansive parking lots bear more resemblance to a suburban landscape than to the historic landscape of southeastern Emeryville. The retail center is bordered by the I-580 freeway to the south; light manufacturers, wholesalers and artist lofts to the north; and storefront retail and Emeryville's last card room along San Pablo Ave to the east.

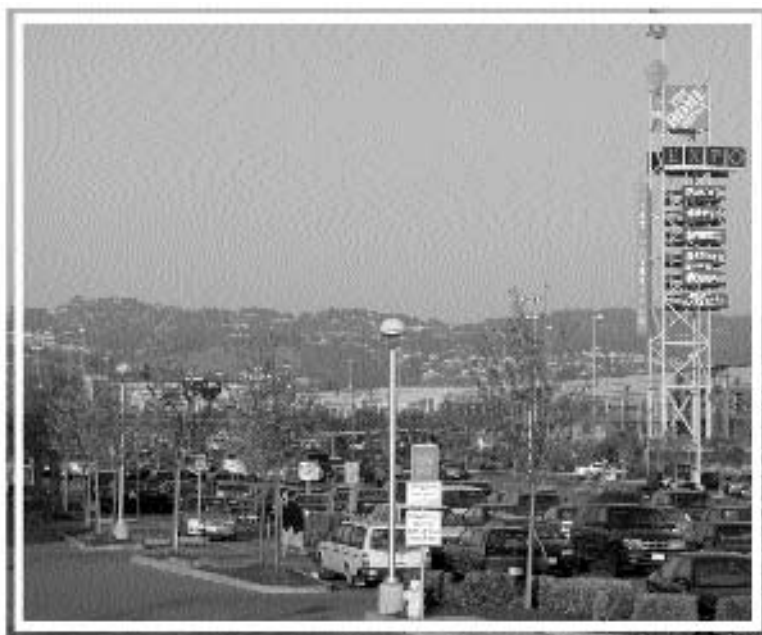
The genesis of the East Baybridge center also stands in contrast to that of most commercial development projects. The developer, Catellus Development Corporation, inherited the land from its parent company, Santa Fe Railroad

Figure 1.2 Selected Major Redevelopment Projects, 1990-2002



Corporation, in a low-cost transfer arrangement unique to railroad companies.³³ Due to the low cost of transfer and maintenance, Catellus was not quick to develop the project. Several land uses were proposed for the site from 1989 to 1992: a light industrial/research and development park; a combination of Sybase headquarters and retail; and its current retail configuration.³⁴

Catellus faced several challenges in bringing the project to completion. First, the site was split across two jurisdictions, with 16 acres in Oakland and 34 acres in Emeryville.³⁵ Second, the area's street grid was designed to provide rail access to private firms through rail spurs; it was not designed to accommodate the sort of automobile traffic that would accompany a retail development. Finally, many community members strongly opposed the use of the site for big box retail.



East Baybridge retail center

In 1992, the Cities of Oakland and Emeryville created a Joint Planning Authority (JPA) to share responsibilities of planning and entitlements for the project and negotiate an agreement between the two cities and Catellus.³⁶ The JPA planned for about 11 acres of stores (480,000 sq. ft.), reserved four acres for future housing, and designated 25 acres for roads and parking. The JPA estimated that East Baybridge would generate 700 jobs. In 1994, the JPA executed a revenue sharing agreement to provide Oakland with one third of all tax revenues.³⁷ The same year, the center opened with its major anchors. The housing component of the project was completed in 1998. Michael's, the center's final store, opened in 2001.³⁸

The Deal

City Commitments

- Amended the General Plan to change the land use designation of the site from industrial to mixed-use.³⁹
- Realigned the street grid in southeastern Emeryville to accommodate the project. *This included closing a public street (Yerba Buena) that split the project area, recreating the road one block north (as 40th Street), and punching it through a T-intersection (at San Pablo Ave.), east into Oakland. The City closed another small street (Peralta) to make room for the Pak N Save, added another street (Emery) to increase access to the stores from the north, and widened another major road (Hollis Street) connecting south into Oakland.*⁴⁰

- Gave legal and negotiating assistance to Catellus to purchase and clean up a former gas station.
*The City claims that this intervention saved Catellus \$2 million by avoiding eminent domain proceedings and avoiding the need to litigate against the owner of the gas station to recover remediation costs.*⁴¹
- Built a half-mile road and arranged long-term, low-cost financing to assist Catellus in repaying the costs.
*The City used its powers to issue low-interest government bonds that would be paid back by a special tax on East Baybridge land and buildings (also known as an assessment district).*⁴²
- Helped Catellus access a state program to clean pollution from underground storage tanks.⁴³
- Assisted Catellus' environmental clean-up through a groundwater monitoring program.⁴⁴

Developer Commitments⁴⁵

- Paid for construction of all circulation improvements necessary for adequate access to the project area.
- Paid for mitigations measures required by the JPA.
- Agreed to reserve four acres of the total 50 for housing.
- Pledged to require that commercial tenants give priority to hiring Emeryville and Oakland residents.

Discussion

In many ways, the East Baybridge center represented the first major test to the vision of the community-generated 1987 General Plan. The Plan had designated the area along the southern border of the city (which included the Catellus site and various small manufacturers) as light industrial. The plan authors knew that the Catellus site would be redeveloped, but planned to limit new uses to a "medium-scale."⁴⁶ This was consistent with both the historic character of the area and the General Plan's overall vision for small to medium-scale development east of the railroad tracks. However, when the Catellus proposal turned from industrial to retail, the General Plan's vision conflicted with powerful revenue incentives and a powerful developer.

In 1992, the establishment of a regional retail center posed attractive revenue prospects to a budget-worried City Council. The City faced the combined effects of a nation-wide recession, State raids on local government revenues to reduce the State deficit, and a period of transition and insecurity as local manufacturing continued to leave the city. City staff and Catellus were both convinced that the Oakland-Berkeley region was acutely under-served by retail and that a regional shopping center would be unlikely to fail.⁴⁷ The Environmental Impact Report

(EIR) predicted that the City would receive \$1.7 million a year in tax revenue of which \$860,000 would be generated by the City's sales tax. The Emeryville Redevelopment Agency would receive an additional \$620,000 in property tax increment.⁴⁸ The potential revenue windfall swayed the City Council to move forward with Catellus' proposal, despite growing community concern over the direction of the project.⁴⁹

Although there was some community support for the housing and grocery store components of the retail center proposal, a groundswell of opposition to the project threatened to derail it.⁵⁰ Opponents were troubled by traffic impacts and by the incongruity between the suburban-style development and the existing character of the neighborhood. One Planning Commissioner noted, "The project as proposed establishes no relationship to the neighborhood... [it] makes no attempt to relate to the uses, scales or fabric of its neighbors."⁵¹

Also troubling was the perceived willingness of the City Council to abandon the General Plan vision due to pressure from Catellus. Opponents of the project first coalesced when the Council proposed approving General Plan amendments without an EIR.⁵² Another community member expressed frustration with the lack of open space requirements, responding to the EIR, "Why not try to maintain some of the goals of the Emeryville General Plan? ... What was the reason and why are members of the city government so quick to abandon this goal now?"⁵³

City planning staff attempted to respond to some of these concerns by proposing the inclusion of neighborhood-serving retail facing 40th Street along with a reduction of the number of big-box stores.⁵⁴ However, when they presented this idea to City Council, some Council members rebuffed the staff and discarded their ideas in favor of the developer's proposal.⁵⁵

The controversy came to a head when project opponents gathered enough signatures to challenge the Council's approval of the project with a referendum. The opposition was led primarily by a group of residents from a nearby artists' co-operative and other live-work buildings.⁵⁶ It was recognized at the time that the artists were more involved in city politics than most groups and could wield some political power. However, the project opponents also included low-income residents from the southeastern part of town and residents from the Watergate Condominiums on the peninsula.⁵⁷ Together, these groups formed a citywide committee, including many of the people involved in the original 1987 General Plan process.

Catellus proved a formidable opponent. Former City Councilmember Greg Harper recalled that Catellus was highly motivated to develop the big box center. He asserts that Catellus was planning to use East Baybridge as a model retail center for its other land holdings up and down California.⁵⁸ The developer spent an estimated \$110,000 to urge voters to support the project. Opponents raised only \$6,000. However, the residents' referendum lost by a narrow margin and referendum authors were surprised at the latent community resistance evident in the close race.⁵⁹

The approval of the East Baybridge project seems to have signaled a change in redevelopment politics in Emeryville. The City Council's actions stated clearly that the City was willing to forgo its community-developed vision in order to attract high revenue generating businesses. After East Baybridge, the only project to date that has incurred a comparable level of community concern was the Chiron headquarters project.

Chiron Corporation

Like dozens of biotech firms in the Bay Area, Chiron eschewed the corporate tradition of building sprawling headquarters in the suburbs by expanding its original

home in the urban core. Chiron turned down sites in the 680 corridor, Solano County, and outside California for two reasons: first, to stay near its workforce, the universities, and its founders' homes; and second, to take advantage of a generous development agreement with the City.⁶⁰

Chiron's plans for building a global headquarters and world-class research and development facility were, and still are, ambitious. Having become a leader in biotechnology research and development, Chiron anticipated the need for greatly expanded facilities in the early 1990s. After a three-year planning and approval process, the City and Chiron signed an agreement that planned for:⁶¹

- 2.2 million square feet of laboratory and office space in 12 new buildings on 24 acres of land;
- A 300 foot tall administrative building;
- A construction time period of 16 to 30 years; and
- A workforce that would grow to 4,600 after full expansion.

In order to achieve this ambitious scale of construction, Chiron requested significant use of City powers and resources, including several general plan amendments, the use of eminent domain powers, and a subsidy. Many of these concessions were granted. Chiron may eventually receive the largest subsidy the City has ever provided to a private firm - \$95 million over 25 years.⁶²

The Deal

City Commitments⁶³

- Pledged to reimburse up to \$95 million of Chiron's property taxes over 30 years.



Chiron Corporation

The City will reimburse Chiron 40% of the new property taxes generated by their campus development to reimburse certain costs, including certain development costs, environmental remediation, public improvements, and Chiron's annual municipal services fee (see below under Chiron commitments).

- Agreed to use its power of eminent domain to acquire sites for Chiron.
- Passed several amendments to the General Plan.
These included changing an open-space designation to mixed-use, allowing for buildings over 80 feet to be built south of Powell Street and increasing building intensity limits.
- Pledged \$4.7 million for future construction of a parking structure.
Once 1.5 million square feet of the project have been built, the City will contribute an additional \$4.7 million for the construction of a parking structure.
- Agreed to reimburse Chiron \$2 million for the costs of required traffic and utility improvements.

Chiron Commitments⁶⁴

- Agreed to pay for various fees to address the community impacts of the project.
Chiron agreed to pay fees that addressed community needs around childcare, public transit, social services to seniors, community capital improvements, public art, and small business development (see Table 1.4).
- Agreed to pay for traffic mitigations required by the Environmental Impact Report process.
Traffic mitigations included increasing the capacity of several nearby intersections, building extensions to connect nearby dead-end streets, and installing traffic signals.
- Agreed to pay for traffic and housing mitigations to Oakland and Berkeley to address the regional impacts
- Agreed to pay an annual "municipal services fee" for basic public services over the life of the agreement.
- Agreed to pay for utility improvements, such as electricity, water and storm drainage, as well as pay a sewer connection fee.
- Pledged to partner with Emery Unified School District to provide job shadowing, tutoring, mentoring, and summer youth employment programs.
- Pledged to build a neighborhood park and a private auditorium that Chiron would make available to the community.
- Agreed to make an effort to hire residents of Emeryville, Oakland, and Berkeley.

Since the agreement was signed in December of 1995, Chiron has constructed a 280,000 sq. ft. research facility (1998), a surface parking lot (1998), and a four-story

parking garage (2003). The firm has expanded from 930⁶⁵ to 1,900⁶⁶ employees. Eventually employment will reach 4,200.⁶⁷ Several road and intersection improvements have been completed. However, Chiron is still in the first of three phases and is progressing slower than planned.⁶⁸ Construction so far represents only 15% of the total build-out.

Discussion

Chiron represented a conundrum to the Emeryville community. It was a home-grown company that many felt was a community partner and was poised to become one of the largest firms in Emeryville's history. It would also generate thousands of well-paying jobs. However, the sheer scale of the expansion and changes to the neighborhood seemed overwhelming. Many who were concerned about the project still wanted Chiron to stay in Emeryville. The project generated much controversy.

The Chiron expansion project illustrates two important landmarks in the history of Emeryville's redevelopment. First, the project faced not only community criticism within Emeryville, but criticism from the residents and governments of Oakland and Berkeley. Their concerns brought the regional impacts of this project to the forefront. Second, Chiron and the City responded to community concerns by incorporating a broad set of obligations in the development agreements that go well beyond standard traffic and environmental mitigations. Although the City will ultimately reimburse Chiron for many of these costs, the inclusion of these mitigations acknowledges the scale and importance of non-environmental impacts, i.e., impacts not evaluated in the project EIR.

Community and Regional Concerns

Many of the community concerns involved the immense scale of the project. The proposed 300-foot high administrative building was of particular concern to Chiron's close neighbors, including a nearby artists' cooperative. The scale of the project also led to worries about its impact on neighborhood streets. At the time, the City and Kaiser Foundation Hospitals were still seriously considering plans to build a medical center on what is now the Pixar site (see Pixar section). The combination of these two projects stood to cause major congestion along the Hollis corridor and throughout the city. In addition, one of the proposed traffic mitigations called for the elimination of public parking along portions of San Pablo Avenue.⁶⁹ This would have threatened local businesses and inconvenienced local residents immensely.

Another community concern involved the loss of a planned park in the block of Hollis Street between 53rd Street and Stanford. Though this park was included in the 1987 General Plan, it had not been built by the time the Chiron project began. At the time, City staff expressed intentions of relocating the park to another site, but, to date, it has not been built.⁷⁰ The City has also allowed Chiron to build on land designated as open space, in order to accommodate a parking structure.⁷¹

Though Chiron's relationship with the City of Emeryville was congenial, surrounding cities had significant concerns about the regional impact the project would have on housing and traffic. Both Oakland and Berkeley weighed in heavily on the EIR, arguing that it inadequately assessed impacts, and threatened to sue when the EIR was ultimately adopted.⁷²

Community Mitigations and Subsidies

The Chiron development agreements stand apart from others in Emeryville in their attention to a wide range of community impacts. Chiron agreed to pay for considerable environmental and traffic mitigations to address the massive influx of new daily commuters into Emeryville and surrounding neighborhoods. The mitigations included enhancement of the nearby street grid, intersection widening, signalization, and repaving of neighborhood streets. Chiron also agreed to provide education programs to Emery Unified School District and contribute funds for community services, such as childcare and senior centers. These mitigations and benefits to the community are detailed in Table 1.4. We estimate that the total mitigations and fees could cost \$27 million or more over the term of the development agreement (30 years) if the full expansion takes place.

In addition, Chiron made other concessions. To residents concerned about the size of the administrative building, Chiron agreed to reduce the height from 300 feet to 225 feet. The proposal to remove parking along San Pablo was also abandoned. Chiron eventually gave both Oakland and Berkeley generous out-of-court settlements to compensate for housing and traffic impacts. The company also signed agreements with labor unions pledging to use union labor for construction and janitorial services.⁷³

On the other hand, though Chiron will pay the environmental and community fees described above, the City eventually will reimburse an even larger amount over time.⁷⁴ In the development agreement, the City pledged to reimburse Chiron up to \$95 million over 30 years for "extraordinary" development costs, and for the biotech firm's annual municipal services fee. The extraordinary costs include on-site environmental remediation and many of the off-site traffic and public utility improvements that Chiron is required to make.

Table 1.4: Chiron Obligations Under 1995 Development Agreement⁷⁵

<i>Chiron Obligation</i>	<i>Note</i>	<i>Estimated Cost Over Project Life</i>
<u><i>Annual Community Impact Fees⁷⁶</i></u>		
Senior Center Fee	\$20,000/yr for 27 yrs	\$540,000
Emeryville School Fees	\$20,000/yr for 27 yrs	\$540,000
Low Income School Care (Child Center)	\$20,000/yr for 27 yrs	\$540,000
Mass Transit Fee	\$20,000/yr for 27 yrs	\$540,000
Municipal Services Fee	\$.18 to \$1.3 mill. based on sq. ft. (for 27 yrs) ⁷⁷	\$17,015,00
Annual Capital Program contribution	\$100,000/yr for 10 years	\$1,000,000
	<i>Subtotal</i>	\$20,175,000
<u><i>One-Time Community Impact Fees</i></u>		
Art Fee	As per City Public Art Ordinance	\$1,200,000
Building Permit/Processing	City estimate for entire project	\$2,541,000
Small Business Incentive Fee	\$100,000 for each of 1st three buildings	\$300,000
Sewer Connection Fee	Standard, as per City ordinance	\$481,000
Public Safety Fee	\$200,000 for each of 1st three buildings	\$600,000
One-time Capital Program contribution	For senior center, playing fields, etc.	\$500,000
	<i>Subtotal</i>	\$5,622,000
<u><i>Public Facilities</i></u>		
Construction of Public Park	About .75 acres within 7 yrs ⁷⁸	\$1,300,000
Neighborhood Street Improvements	Help maintain character of neighborhood	\$25,000
Construction of Private Auditorium	Must make available to community	n/a
	<i>Subtotal</i>	\$1,325,000
<u><i>Community Programs</i></u>		
Education Initiative	Chiron to run education programs at EUSD	not available
Job Information and Recruitment	Chiron to make effort to hire locally	not available
<u><i>Traffic and Utility Improvements⁷⁹</i></u>		
Traffic Mitigations from EIR	Must pay for off-site improvements	unknown
Underground Utility Improvements	Must pay for increasing utility capacity	unknown
	TOTAL	\$27,122,000

Source: City of Emeryville

Since the negotiations surrounding the Chiron project, no other major development agreement has been as attentive to community impact mitigations and community benefits. These kinds of benefits are notably absent in the agreements with Pixar and Bay Street, two other major development projects. What was different about the Chiron process from development projects in subsequent years? Chiron spokesperson Jay Grover claims that Chiron already had roots in Emeryville and that the benefits offered through the development agreements reflected a pre-existing sense of commitment to the community.⁸⁰ However, long-time City Councilmember Nora Davis suggested that it was the involvement of the community in the development process that resulted in such extensive benefits.⁸¹

Pixar Animation Studios

Pixar Animation Studio's move to Emeryville marked another addition to the city's roster of next-generation, high-tech headquarters. Following the success of Disney-distributed blockbusters such as *Toy Story* and *Monsters Inc.*, Pixar had earned international renown. Emeryville has thus won a major publicity coup: the name of this tiny town now scrolls at the end of every Pixar movie's credits.

In 1996, Pixar had outgrown the capacity of its Richmond, CA location, just 10 miles north of Emeryville. After a wide site search, Pixar executives and CEO Steve Jobs decided upon the former Del Monte cannery site in Emeryville, just across Park Street from the new City Hall.⁸²

The site met their requirements - a large parcel that could be enclosed for security, proximity to their workforce in the East Bay and Marin peninsula, and an urban environment.

Fortunately for Pixar, the site had recently been abandoned by Kaiser Foundation Hospitals, whose plans to move to Emeryville had collapsed. Several years prior to Pixar's interest, Kaiser had set into motion plans to construct a 180-230 bed hospital and medical center and had already assembled much of a 22-acre site.⁸³ By May of 1997, Kaiser had abandoned the project, but the large, conveniently located parcel was well suited for Pixar's expansive, new animation studio campus.

In May of 1998, the City of Emeryville approved Pixar's plan for construction of 400,000 square feet of animation studios and headquarters in two phases. The buildings would house up to 1,200 technicians and support staff on a 16-acre site, surrounded by park-like recreation space to the west and south, and parking lots to the east.⁸⁴ Recreation facilities would include a swimming pool, playing fields and a jogging track.



Pixar Animation Studios

The project would be an unusually low-density land use compared to other commercial projects in Emeryville - only 75 workers per acre compared to Chiron's 175 per acre. Also, in order to create a single, continuous campus that met Pixar's challenging security needs, the Pixar plan required that the City abandon two north-south streets that split the site.

The Deal

City Commitments

- Abandoned Watts Street, cleared the title of pre-existing claims, and conveyed the land to Pixar.
The City negotiated and paid for a "reversionary fee interest" that was owned by the family that sold the right to use the land as a street to the City decades ago.⁸⁵ The Redevelopment Agency's eminent domain powers put the City in a much better position for this negotiation.
- Agreed to cap the total development fees and traffic mitigations required of Pixar at \$1.1 million.
The City anticipates that it will incur an additional \$200,000 in costs above the cap once Phase II is completed.⁸⁶ Also, the capped fee does not appear to include the reversionary fee interest, estimated at \$132,000,⁸⁷ or the sale value of Watts street, estimated at \$460,000.⁸⁸
- Amended the General Plan to abandon a public right-of-way designated as a future street (Harlan).⁸⁹
- Helped Pixar to access a state program to clean pollution from underground storage tanks.⁹⁰

Developer Commitments

- Paid a \$1.1 million lump sum to cover development fees and traffic mitigations.
The fees covered project approval costs, building/planning fees, sewer and traffic impact fees, an assessment district tax and public art fees.⁹¹
- Committed a strip of property 10 feet wide on the eastern edge of their parcel for a future bike/pedestrian way.

Discussion

The concept for the Pixar Animation Studios project was similar to Chiron's headquarters project but differed in the kinds of impact it would have on the city and region. Both companies proposed the use of large, seamless parcels of land to create a campus like environment. These kinds of campuses have been the mainstay for many suburban-located corporate headquarters built over the last thirty years. When located in denser urban areas, they often require the elimination of public streets and the creation of what some call "superblocks." In the end, the City gave Pixar permission to construct a superblock but denied Chiron's proposal to do the same. Regardless of this difference in outcome, their visions were very similar.

What makes Pixar's development stand apart from Chiron's, however, is the studio's low-density use of land. As mentioned above, the number of workers on the initially proposed Pixar campus only amounted to a third of that in Chiron's proposed build-out. This difference shifted the physical impact from one of overwhelming buildings and shadows to one of less productive land. But what could the site have been used for instead of a suburban-style campus? Before Kaiser developed plans for the site, the City's 1992 Housing Element proposed the construction of 400 town homes on the site.⁹² Early efforts to build the town homes failed,⁹³ but the City could have continued to pursue development of housing on the site. With Pixar located just opposite City Hall, the site would have lent itself well to civic space. By allowing Pixar to remove the site from the street grid and preclude other more dense uses, the City gave much in non-financial public support.

The City also provided Pixar with financial assistance. The development fee that Pixar paid to the City was capped at \$1.1 million for all phases of the development. Staff anticipated that the City would incur an additional \$500,000 in development costs for the next phase of the Pixar studios. Furthermore, the fee did not include the value of the land conveyed as Watts street.⁹⁴ After subtracting the value of Pixar's commitment to provide land for a bikeway on the east edge of its site, we estimate that the City conveyed \$460,000 worth of property to the company.⁹⁵

Despite the benefits that Pixar received, the project's lower density land use and lesser traffic impacts made the Pixar campus seem less overwhelming than Chiron and caused considerably less public concern.⁹⁶ Since Pixar faced less community opposition, it also escaped the commitments that Chiron was forced to make during the public participation process. Unlike Chiron, Pixar was not required to provide fees for community services, prioritize hiring Emeryville workers, or provide programs to the schools.⁹⁷ The most obvious community benefit absent from the Pixar agreement is park space. While Pixar employees play soccer on several acres of beautifully landscaped park, city residents have no comparable park or recreation amenities.

The Pixar campus expansion story is not over. Pixar revised its development plan to expand capacity from 1,000 to 2,000 workers.⁹⁸ While this would increase substantially the density of the project, the new plan requires the abandonment of another city street and permission to use land intended for a 102-unit housing development to accompany the Promenade project along San Pablo Avenue. In August of 2002, the Emeryville City Council dissolved the housing plans, which included 20 affordable units, and allowed Pixar to purchase the land.⁹⁹ Another General Plan amendment may be required to abandon a future road, Emery Street, between Pixar's old property and the new parcel.

Bay-Shellmound Project

Completed in 2000, the Bay-Shellmound project reworked the western half of Emeryville's transportation grid. The \$30 million, combination bridge and road

project provided a major thoroughfare that both connects the northern and southern halves of the bayfront and connects the southeastern and southwestern quadrants of the city. The City spent a decade planning the project, used a variety of tools to finance it and worked closely with developers to tailor it to their needs. The Bay-Shellmound project has been critical to the success of large-scale retail, entertainment, and other development throughout the bayfront.

Before building the Bay-Shellmound project, the city only had one east-west arterial, Powell Street, and one north-south arterial, Hollis Street. Powell split the city in to a northern and southern half and provided the only access to the freeway within Emeryville proper.¹⁰⁰ Hollis Street ran parallel to the railway corridor a block east, from Berkeley south into Oakland. This left Emeryville with no north-south arterial along the bayfront, no road connecting the southern portions of the city, and only the Powell Street Bridge to cross over the railway corridor (Powell Street Bridge).



40th Street Bridge

Anticipating redevelopment of the bayfront area's industrial land, the City began planning the Bay-Shellmound project as far back as 1985.¹⁰⁶ The first phase of the project, the 40th Street Bridge over the railway corridor and construction of Shellmound Street to Powell, was completed in 1996. This provided a connection between the East Baybridge center on 40th Street and the Powell Street freeway exits. It also expanded access to the south bayfront area from Oakland. The City finished the north-south thoroughfare by extending Bay Street from the Powell overpass to the northern border of the city in 1997. This provided new access for visitors to the Public Market retail and movie center as

well as another potential development site between the Market and the railway.

With the roadway in place, development in the south bayfront began in earnest. The City signed agreements with the developers of IKEA (1997), the Marriott Courtyard Hotel (1997), and the Bay Street mixed-use center (1998), all projects along the new Shellmound Street (see text insets). The City initiated a second phase of the Shellmound Street construction, the Shellmound Corridor Improvements, in order to customize the new street to the needs of the new commercial facilities. As the development projects moved forward, the City designed and built the signals, lights, and intersections in close consultation with the developers.¹⁰⁷

IKEA

The IKEA project demonstrates the value of Emeryville's existing advantages and the importance of the City's investment in major infrastructure improvements, such as the Shellmound extension. In 1997, IKEA bought a 15-acre parcel of land from Barbary Coast Steel for \$14.5 million.¹⁰¹ Located in clear view of both the I-80 and I-580 freeways, the parcel provided exactly what IKEA looks for in a location: high visibility and freeway access.¹⁰²



After acquiring the land, IKEA entered into a Participation Agreement with the City and the ERA in December of 1998. IKEA agreed to pay a traffic impact fee and both IKEA and the City agreed to take responsibility for specific improvements to Shellmound Way. Because a portion of the site falls in Oakland, like East Baybridge, Emeryville and its neighbor entered into a revenue sharing agreement.

IKEA opened its 275,000 square foot store in 2000. Shoppers flocked in record numbers, far exceeding the expectations of the store management and of the City.¹⁰³ For the first several weekends, cars were backed up to the freeway exits while Public Works personnel used cones to direct traffic until road improvements could be made to better route the flow of cars.¹⁰⁴ Though the project had not generated much controversy during the planning process, the traffic impacts attracted the attention of the media and of local residents. Within two years, IKEA had built a large 3-story parking structure to accommodate the abundance of customers and alleviate congestion. After peaking at 500 in the first year, IKEA's workforce numbered 333 in 2002, making it the largest single retail employer in Emeryville.¹⁰⁵ As with Bay Street, IKEA's regional impacts on job quality and affordable housing did not attract much attention during the development process.

Two components remained after the bridge and roadway were built. In 2000, the City completed a third component of the overall project, the Shellmound Loop Improvements, that expanded the capacity of Bay, Shellmound, and Powell Streets near the freeway to handle increased traffic from the new developments. This component was key to the City signing an agreement with Woodfin Suites in 1998 to build a hotel just north of Powell on Bay Street (see inset). The City finished the last component of the Bay-Shellmound project, the Temescal Creek Bridge widening, in 2001. The bridge-widening project allowed Bay Street to align one of its five entrances with the Marriott Courtyard across the street. Bay Street paid the \$511,000 cost.¹¹⁰

Marriott Courtyard Hotel

Orient & Western Corporation, in association with Marriott Hotel Corporation, broke ground on the Marriott Courtyard Hotel in late 1999. The approximately four-acre site lies between Shellmound Street and Interstate 80, adjacent to the Powell Street Plaza retail center in the South Bayfront area. Completed in 2000, the ten-story, 162,000 square foot building accommodates 288 guest rooms.



The hotel sits on a portion of the former Judson Steel factory site. The steel factory had operated in Emeryville from 1882 to 1986, and its heavy industrial use had a significant effect on the condition of the soil and groundwater. The City of Emeryville played a significant role in site preparation and environmental remediation.¹⁰⁸ The hotel was projected to create 80 jobs.

After purchasing the property in 1993, the City cleared and cleaned up the site in cooperation with the Department of Toxic Substances Control. The Agency notes in its comments about the project that its role in the remediation and construction of Shellmound Street has also encouraged complementary development throughout the South Bayfront Area.¹⁰⁹

The Deal

The City found creative ways of sharing the total \$30 million cost of the Bay-Shellmound project with other governments and with businesses in Emeryville. In the end, the City's contribution consisted of \$7.7 million in expenditures and the provision of inexpensive financing for business contributions to the project.

The \$25 million costs for the 40th Street Bridge and Bay-Shellmound roadway were split between several sources (see Table 1.5).¹¹² The largest contribution was a \$10 million settlement with the California Department of Transportation (Caltrans) after Emeryville was excluded from the planning of a major new freeway connection.¹¹³ The City received another \$1.6 million from the Federal government as a grant. The City tapped businesses in western Emeryville and the East Baybridge center for a total of \$6.5 million through an additional property tax exclusively for the project, called an assessment district.¹¹⁴ The City took advantage of its government status by issuing a tax-exempt bond to be paid off by the businesses in the district over 20 years.¹¹⁵ The City also contributed \$6.9 million in miscellaneous revenues.

Woodfin Suite Hotel

Hardage Suite Hotels Corporation opened the 18th of its Woodfin Suite brand of hotels in Emeryville in November of 2000. The 177,000 square foot, extended-stay hotel has 200 guest rooms, all of which are suites. Located on two acres of land on the east side of the Bay-Shellmound corridor and Christie Avenue south of the Public Market, the site is bounded by the Powell Street overpass to the south, and the Union Pacific railroad tracks to the east. After a long history of heavy industrial use, the site was graded and encapsulated by 1996, when Hardage Suites bought the property.



The City's direct involvement in this project was minimal. After helping to remove several 50-gallon drums left over from days of industry, the City helped obtain regulatory sign-off for the site.¹¹¹ The City also sold Hardage Suite Hotels a small piece of a former city street for \$1. The street had been abandoned as a public right-of-way as a result of the Bay-Shellmound project. Though indirect, the City's most significant contribution to the project was the development of the Bay-Shellmound proj-

Table 1.5: Cost Sharing of Bay Shellmound Project Components (in millions)

	<i>Assessment District</i>	<i>Devel- opers</i>	<i>Federal & State</i>	<i>City</i>	<i>All</i>
40th St. Bridge and Bay-Shellmound	\$6.5		\$11.6	\$6.9	\$25.0
Shellmound Corridor		\$2.3		\$0.3	\$2.6
Shellmound Loop		\$1.7		\$0.5	\$2.2
Temescal Creek Widening		\$0.5			\$0.5
<i>Total By Source</i>	\$6.5	\$4.5	\$11.6	\$7.7	\$30.3

Source: City of Emeryville

The costs of the three other components, the Shellmound Corridor, Shellmound Loop, and Temescal Creek Widening, were split between the City and bayfront development projects (see Table 1.5). The projects included IKEA, Bay Street, Marriott Courtyard, and Woodfin Suites. Developers contributed a total of \$4.5 million while the City contributed roughly \$800,000.¹¹⁶

Discussion

The Bay-Shellmound project doubled the capacity of Emeryville's internal circulation system and created an opportunity for private developers to increase the intensity of land uses throughout the city.¹¹⁷ Without it, none of the most important development projects in the last five years could have taken place. IKEA, Bay Street, and the two new hotels on the bayfront would have lacked adequate access to the freeway and multiple routes to their facilities. These projects alone generate thousands of trips per day to the bayfront. The Bay-Shellmound project also increased access for East Baybridge shoppers and linked the center with the bayfront stores and hotels. Furthermore, the project allows the city's internal shuttle bus, the EmeryGoRound, a direct route from the bayfront area to Oakland's 40th Street/Macarthur BART station, thereby relieving some of the traffic.

Bay Street

In the early 1990's, Emeryville planners and policy makers envisioned a large-scale project in the South Bayfront area that would serve as a regional retail center and the central gathering place that the city has always lacked. For a few years, the

project was known simply as the Emeryville Town Center.¹¹⁸ That project eventually became the upscale Bay Street retail center that opened in November of 2002, located just north of the IKEA store.

In contrast to value-oriented Powell Street Plaza and big-box East Baybridge, Bay Street was intended for more affluent consumers. Tenants such as Williams-Sonoma, Banana Republic, and Abercrombie and Fitch were selected to attract upscale East Bay shoppers who currently drive through the Caldecott tunnel to shop in Walnut Creek or cross the Bay Bridge to shop in San Francisco.¹¹⁹ The developer, Ohio-based Madison Marquette, recently completed another upscale retail center in downtown San Jose, called Santana Row.



Bay Street

Bay Street's higher density and mix of uses also set it apart from the other two retail centers. On a 20-acre site (half the size of the East Baybridge center), Bay Street was planned to include: 1) 325,000 square feet of retail space in small-to-medium-size stores; 2) approximately 365 units of housing; 3) a 3,500-seat, 75,000 square foot multi-screen movie theater; 4) at least 2,000 parking spaces in multi-story structures; and 5) a 250-room, full service hotel.¹²⁰ The total development as

planned comprises one million square feet. The retail, movie theatre, and parking structures have thus far been completed. The housing component has been delayed twice and financing is currently uncertain. The hotel has been delayed as well, due to the severe downturn in the hospitality industry, and may be eventually reduced in scale.¹²¹

The land on which Bay Street rests required major remediation to become usable after a century of heavy industrial use. Former industrial tenants included Sherwin-Williams Paint Company, J&T Trucking, Baker Hughes, and Elementis Pigments, Inc.¹²² The City purchased the land in 1993 for the public purpose of creating a regional retail project and proceeded to clean the site, long before a final developer was identified.

The site's history reaches far beyond the legacy of heavy industry. For centuries the site was home to a Native American shellmound and burial site. As was their custom, the Ohlone Indians established their villages, lived, and buried their dead on the site, creating a shellmound over 60 feet in height and 350 feet in diameter. Since the arrival of the Spanish in the 1700s the site has been eroded and incrementally demolished for a variety of projects.¹²³ This culminated in the final leveling of the site in 1924, in preparation for its many years of industrial use.

In 1999, the Redevelopment Agency and City Council approved Madison-Marquette's plans for Bay Street. Like Chiron, the Bay Street developer received substantial financial assistance from the City. However, compared to Chiron, Bay Street's obligations to the City were minimal.

The Deal

City Commitments

- Performed all predevelopment remediation of environmental hazards, including legal action against former owners to recover the costs of clean up.¹²⁴
- Used eminent domain to purchase parcels from former owners.¹²⁵
- Provided an immediate land price subsidy of \$4.1 million.
- Lent the developer \$18 million over 20 years at a low interest rate.¹²⁶
- Provided a \$1 million grant for the project's affordable housing component.¹²⁷
- Issued \$66 million in low-interest bonds on behalf of the developer for construction of the housing component.¹²⁸
- Agreed to pay for additional environmental remediation for unforeseen problems.¹²⁹
- Freed the developer of liability from future environmental litigation through a special redevelopment agency power.¹³⁰

Developer Commitments

- Agreed to pay a traffic mitigation fee, the City's standard 1% public art fee, and the State required school district fee.¹³¹
- Agreed to provide "sacred space" and a museum-like exhibit of the historic Native American shell mound on which the project is built.¹³²

Discussion

The Bay Street project shares much in common with Chiron—most notably its extensive regional impacts and hefty City subsidies—but, unlike Chiron, there was little community involvement in the development process and relatively few concessions made to community needs.

Use of City Resources

The Bay Street project required the most extensive use of redevelopment agency resources and powers of any project in the Emeryville Redevelopment Agency's (ERA) history. The City took its first step toward redeveloping the site when it began to assemble parcels in 1993, though City officials had identified the site as an ideal location for regional retail as early as 1987.¹³³

The project immediately ran into several hurdles, including two contentious lawsuits. The first involved the City's use of eminent domain to acquire a critical parcel from Elementis Pigments, a reluctant seller. The Agency originally offered much less than what Elementis deemed to be the appropriate price. In late 1999, an Alameda County court ruled that the Agency would have to pay \$12.5 million to Elementis, more than twice the price (per square foot) that Madison Marquette later paid the City for the parcel.¹³⁴ The City has appealed this judgment and is still in litigation.

The second lawsuit involved the extensive toxic contamination of the site. From the 1920s to the 1960s, the site housed a paint manufacturing plant operated by Sherwin-Williams Co. Following Sherwin-Williams, Elementis operated an iron oxide pigment factory on the site through 2000. The wastes left by these and other adjacent tenants filled the underlying soil with toxic waste.¹³⁵ In preparing the site for development, the Agency assumed responsibility for cleaning up soil and groundwater contaminants including arsenic, pesticides, and hydrocarbon solvents.¹³⁶ The City paid for the clean-up costs with \$11 million dollars of redevelopment funds, but later filed suit against several of the site's former tenants in order to recover these costs. The courts initially ruled in favor of Emeryville, but the former tenants appealed and, to date, the case has not been settled.¹³⁷

An attempt to prevent the runoff of contaminated water into the Bay uncovered a third obstacle for the project: the presence of burial artifacts and remains from the Ohlone shellmound. In 1998, the demolition contractor began to dig a holding pond in order to contain rainwater that may have come into contact with hazardous wastes in the site preparation process. Partway through the process, work

crews discovered human remains.¹³⁸ Though the City and developers consulted with archeologists and Native American advisors as soon as the discovery was made, preservation and cultural heritage groups are not all convinced that the situation was handled appropriately.¹³⁹ Development plans were revised to include a cultural exhibit with information about the shellmound.

In addition to Emeryville's involvement in overcoming development obstacles, the City provided substantial financial assistance to Madison Marquette. This included a write-down on the cost of the land, reimbursement for additional remediation costs, and low-cost financing for the housing component.

The City spent a total of \$36.7 million on land acquisition, demolition, environmental remediation, archeological consultants, and litigation.¹⁴⁰ The City has since received a \$7.1 million settlement resulting from litigation against the former tenants to recover environmental remediation costs.¹⁴¹ The balance following these actions was \$29.6 million.¹⁴² The City sold the land to Madison Marquette in 2000 for \$25.5 million, resulting in a \$4.1 million loss to Emeryville.¹⁴³

Furthermore, Madison Marquette borrowed \$18 million from the City to pay for the land with a loan arrangement that will yield a rate of return to the City of 2.9%.¹⁴⁴ This rate is much lower than what the City could earn by investing those funds elsewhere. If Madison Marquette does not make the payments on the loan, the City's only security is the right to take possession of Bay Street's parking garage and charge for parking.¹⁴⁵ However, if Bay Street fails as a retail venture, parking receipts are not likely to enable the City to recoup its investment.

The development agreement also provides reimbursements to Madison Marquette for additional remediation costs after purchase of the land. Madison Marquette has in fact incurred an additional \$2 to \$3 million in costs¹⁴⁶ for which they are likely to request reimbursement from the City.¹⁴⁷

Finally, the City assisted Madison Marquette in financing the 365 units of housing to be built on top of the retail buildings. The City issued \$66 million in special low-interest bonds, available only to redevelopment agencies, in order to provide Madison Marquette inexpensive financing for the housing.¹⁴⁸ These bonds require the developer to reserve a portion of the housing units as affordable. As another measure of assistance for the affordable units, the City granted the developer \$1 million.

In all, we estimate the total financial assistance to Madison Marquette thus far at \$5.1 million, in addition to the value of the low-interest loan. The City may provide an additional \$2 to \$3 million in remediation reimbursements.

Project Impacts

Bay Street's impacts are primarily regional. They include an expansion of the area's low-wage labor market, an increase in affordable housing demand, and traffic spillover into surrounding cities.

Once fully completed and leased, Bay Street will be a major employment center for the region and a generator of regional traffic. Bay Street's developer estimates that the center's stores and movie theatre will create 1,000 to 1,500 jobs.¹⁴⁹ Several hundred more low-wage jobs may be created if Madison Marquette eventually builds the final hotel component of the project.

The new low-wage jobs will create a demand for more affordable housing. The Bay Street EIR estimates that the project may create a need for up to 855 units of new affordable housing.¹⁵⁰ If constructed, the housing component of the development will only provide 57 affordable units, resulting in housing demand spilling over into other parts of Emeryville and surrounding cities.¹⁵¹ The flood of affordable housing seekers may exacerbate the region's affordable housing crisis. This issue is discussed further in Chapter II.

Finally, Bay Street's far western location in Emeryville will create congestion primarily along the bayfront and in the Powell/Christie intersection, which serves as the gateway to the I-80 freeway. However, many Bay Street shoppers seeking to avoid this heavily congested area will enter Emeryville through city streets shared with Oakland and Berkeley.

Developer Commitments

Despite the significant use of City resources and the significant impacts of the Bay Street project, the developers did not commit to community benefits approaching the scale of those included in the Chiron agreement. Where Chiron committed to affordable housing mitigations, employment and youth mentoring programs, and the provision of park space for the community, the Bay Street agreement did not acknowledge these issues.

Two several factors help explain the absence of significant community benefits. The first is community scrutiny; the second is the structure of the development process. Policymakers in the City have indicated that community pressure played an important role in the outcomes of the Chiron development negotiations.¹⁵² Indeed, there were 110 written responses to the Chiron project Environmental Impact Report; they came not only from Emeryville residents but also from stakeholders in neighboring cities.¹⁵³ Concerns included traffic, parking, and the effects of the project on local housing markets.

In contrast, there was little community involvement and seemingly little community interest in the Bay Street project planning process. The EIR for Bay Street received only 17 responses.¹⁵⁴ The residents who did respond were primarily concerned with the project's impact on nearby Temescal Creek. The lack of community response highlights the fact that, unlike Chiron, Bay Street's location is isolated from Emeryville's residential neighborhoods. In addition, as discussed above, Bay Street's main impacts may seem too diffuse to residents to motivate their involvement.

If these impacts are indeed significant, why didn't regional stakeholders voice concern over the issues of job quality and affordable housing? One contributing factor

is that, under the current planning process, there is no consistent method of evaluating the degree or importance of these non-environmental impacts. The Environmental Impact Report process acknowledges the need to gather and disseminate information about the environmental significance of a given project, and to propose mitigations for the potentially negative impacts. Without a parallel process to gather similar information on community and regional impacts such as job quality, impact on affordable housing, among others, the significance of a project to community and regional stakeholders may go unnoticed. This concept will be discussed at greater length in subsequent sections of this report.

CONCLUSIONS

Emeryville's transformation has been made possible through the extensive use of government powers and resources. Throughout this chapter we have seen the many ways the City has used its existing advantages along with these powers and resources to facilitate business investment. In one case, the Chiron campus expansion, the City responded to public concerns by requiring extensive community benefits that went beyond the standard fees and mitigations. This agreement shows that the City has the power to set standards and require mitigations that address the social and community impacts of redevelopment. By contrast, the City did not pursue these sorts of benefits in most of its development deals, committing considerable public resources without asking for much in return. City officials have asserted that the revenue generated by commercial development has enabled the City to increase its capacity to provide public services.¹⁵⁵ Has this strategy been effective in improving the lives of low-income residents and addressing their pressing needs? Has the mere attraction of economic activity provided sufficient opportunities to lift families out of poverty in Emeryville and throughout the East Bay region? The following two chapters will explore the impacts of Emeryville's redevelopment on regional concerns, such as job quality and affordable housing, and on the conditions faced by Emeryville's low-income residents.

ENDNOTES: CHAPTER I

¹ City of Emeryville, Finance Department, Comprehensive Annual Financial Report (CAFR) for FY 1996-1997, 1998, and City of Emeryville, Finance Department, Comprehensive Annual Financial Report for FY 2001-2002, 2002.

² Ibid., and, City of Oakland, CAFR, FY Ended June 30, 1997 and FY Ended June 30, 2002.

³ Grubb & Ellis Research, "Third Quarter 2001," Trends East Bay Office, Walnut Creek, 2001. Another source puts Emeryville's total office space at four million square feet: BT Commercial Real Estate, "4th Quarter 2002," East Bay I-80/880 Office Report, Oakland, 2002.

⁴ Job data for only Emeryville was not available. The Emeryville zip code currently includes about 2,000 jobs in Oakland. Source: Authors' analysis of EDD data.

⁵ Sources: Dayrit, Ignacio, Brownfields Redevelopment Demystified, City of Emeryville, July 2002; Interview with Eric Hohmann; and Authors' estimates based on square footage of commercial space developed since 2000.

⁶ Interview with Jay Grover.

⁷ City of Emeryville, Finance Department, CAFR for FY 2001-2002, 2002.

⁸ City of Emeryville, Finance Department, Capital Improvement Program (CIP) for FYs 2001-2002 through 2005-2006, 2001.

⁹ Interviews with Steven Meckfessel, Jay Grover, Pat Cashman, and Eric Hohmann.

¹⁰ Interview with Nora Davis and Patrick O'Keeffe.

¹¹ Interview with Glen Isaacson.

¹² Interviews with Eric Hohmann and Shih-Tso Chen.

¹³ Lyman, Rick, "Pixar's New Digs Coddle Animators, Writers and Tech Heads," New York Times, June 11, 2001.

¹⁴ Interview with Ignacio Dayrit, Jan. 21, 2003.

¹⁵ Interviews with Steve McFessel and Pat Cashman.

¹⁶ City of Emeryville, Finance Department, CIP for Fiscal Years 2001-2002 through 2005-2006, 2001, pg 1.

¹⁷ Ibid.

¹⁸ Interview with Greg Harper, Feb. 13, 2002.

¹⁹ Until 1993, the City used the 1987 General Plan. In 1993, the City revised and republished the General Plan, which is still in use.

²⁰ From fiscal year 1990-1991 to 2000-2001, Emeryville spent nearly \$4,000 per person on planning and construction and engineering regulation, compared to \$2,000 spent by Oakland and \$1,000 spent by Berkeley. Source: Authors' analysis of State of California, Office of the Controller, Cities Annual Report, Sacramento, Fiscal Years 1990-1991 through 2000-2001.

²¹ California Health and Safety Code, Section 33070-33071.

²² State of California, Office of the Controller, Community Redevelopment Agencies Annual Report, Sacramento: Fiscal Years 1990-1991 through 2000-2001.

²³ City of Emeryville, Finance Department, CAFR for FY 2001-2002, 2002.

²⁴ The powers to control development in redevelopment areas expire after 40 years. Only the ability to collect tax increment to pay off debt can extend to 50 years.

²⁵ State of California, Office of the Controller, Community Redevelopment Agencies Annual Report, Sacramento: Fiscal Years 1990-1991 through 2000-2001.

²⁶ Ibid, and Census 2000.

²⁷ State of California, Office of the Controller, Community Redevelopment Agencies Annual Report, Sacramento: Fiscal Years 1990-1991 through 2000-2001.

²⁸ State of California, Office of the Controller, Cities Annual Report, Sacramento, Fiscal Years 1990-1991 through 2000-2001.

²⁹ Authors' analysis of data from State of California, Office of the Controller, Community Redevelopment Agencies Annual Report, Sacramento: Fiscal Years 1990-1999 through 2000-2001.

³⁰ Bond Proceeds Net of Debt Service are the total proceeds from bonds issued during this period (\$64 million) minus the total expenditures on interest and principal. (These calculations are not in constant dollars.)

³¹ Authors' analysis of data from Community Redevelopment Agencies Annual Reports.

³² The total investment figure includes only construction costs for completed phases of the five projects.

³³ In 1984, Santa Fe Pacific Corporation created Catellus as a real estate arm of the corporation to aid in the dismantling and development of its unused land holdings. It was eventually spun off in 1990 as an independent company (Source: Catellus, <www.catellus.com>, accessed March 10, 2003). Overnight it became one of the largest landholders in California (Sources: Interview with Andrew Getz, Former Planning Commission Chair, Feb. 19, 2002 and Evenson, Laura, "Catellus can't find pay dirt," San Francisco Chronicle, March 22, 1993.) . Because rail land falls under a unique set of laws and taxing conditions, the land was transferred from Santa Fe to Catellus with minimal costs (sources: Interviews with Pat Cashman

and Ron Gerber). Unlike most large-scale development projects in the East Bay, Catellus' largest costs were not land assemblage. Also, the land was not reassessed after transfer to Catellus and thus was less expensive to hold and maintain than if they purchased it anew.

³⁴ The light-industrial use was abandoned because City planners thought the site should have a higher density of land use. The commercial office component was abandoned because the 1991 recession and the late 1980s over-build of commercial real estate made the project financially unfeasible (Source: Interview with Pat Cashman).

³⁵ Cities of Emeryville and Oakland, Memorandum of Understanding: East Baybridge Retail Center, July 6, 1992.

³⁶ Ibid.

³⁷ Cities of Emeryville and Oakland, Joint Revenue Sharing Agreement, July 1, 1994.

³⁸ The housing component, called Bridgecourt, included a total of 220 units of varying size with 40% of the units reserved as affordable. A total of 22 units are affordable to very low-income families and 67 are affordable to low-income families. Catellus gave the project over to a non-profit housing organization to maintain and manage.

³⁹ City of Emeryville, East Baybridge Project Environmental Impact Report, August 7, 1992.

⁴⁰ Cities of Emeryville and Oakland, Memorandum of Understanding: East Baybridge Retail Center, July 6, 1992.

⁴¹ Interview with Ignacio Dayrit, Jan. 21, 2003.

⁴² The City established an "assessment district" that allowed the City to issue a tax-exempt, government bond that Catellus could pay back over time. The total cost of building 40th Street and other road improvements were \$6.4 million. A bond was issued in 1994 and refinanced in 1999. Source: City of Emeryville, Official Statement: Emeryville Public Financing Authority 1999 Revenue Bonds (Assessment District Refinancings), June 25, 1999.

⁴³ Interview with Ignacio Dayrit, Jan. 21, 2003.

⁴⁴ Ibid.

⁴⁵ Cities of Emeryville and Oakland, Memorandum of Understanding: East Baybridge Retail Center, July 6, 1992.

⁴⁶ City of Emeryville, City of Emeryville General Plan, 1987.

⁴⁷ Interviews with Ron Gerber and Pat Cashman.

⁴⁸ Oakland would receive \$612,000, of which \$430,000 would be generated by sales tax. Source: City of Emeryville, East Baybridge Project Environmental Impact Report, August 7, 1992. pg. 108.

⁴⁹ Interview with Ignacio Dayrit, Feb. 28, 2002.

⁵⁰ However, a full service grocery store was not in Catellus' original proposal. A Pak N' Save was included only after community pressure during the community hearing stage (Source: Interview with Greg Harper, Feb. 26, 2003).

⁵¹ City of Emeryville, East Baybridge Project Environmental Impact Report, August 7, 1992, Comment from Jeremy Hamm, pg 65.

⁵² Interview with Stu Flashman, March 6, 2002.

⁵³ City of Emeryville, East Baybridge Project Environmental Impact Report, August 7, 1992, Comment from Craig Morey, pg. 69.

⁵⁴ Interview with Greg Harper, Feb. 26, 2003.

⁵⁵ Slater, Dashka, "A Tale of Two Cities: Emeryville, Oakland, and the swiftly changing face of East Bay commerce," The East Bay's Free Weekly, May 20, 1994.

⁵⁶ Interview with Pat Cashman.

⁵⁷ Interview with Greg Harper, Feb. 13, 2002

⁵⁸ Ibid.

⁵⁹ Ibid.

⁶⁰ Interview with Jay Grover.

⁶¹ City of Emeryville, Development Agreement by and between the City of Emeryville and Chiron Corporation, December 21, 1995.

⁶² According to City documents, the present value of the subsidy was \$25 million in 1995. This would be equivalent to \$32 million in 2002 dollars. Source: City of Emeryville, Staff Report to City of Emeryville Joint Redevelopment Agency City Council: Chiron Development Plan, August 2, 1995.

⁶³ The deal points described here are contained in two agreements signed by Chiron; a Participation Agreement with the Emeryville Redevelopment Agency that primarily spells out the City commitments to Chiron and a Development Agreement with the City of Emeryville that primarily spells out Chiron's commitments to the City.

⁶⁴ All Chiron commitments cited below are recorded in City of Emeryville, Development Agreement by and between the City of Emeryville and Chiron Corporation, December 21, 1995.

⁶⁵ City of Emeryville, Staff Report to City of Emeryville Joint Redevelopment Agency City Council: Chiron Development Plan, August 2, 1995.

⁶⁶ Interview with Jay Grover.

⁶⁷ City of Emeryville, Staff Report to City of Emeryville Joint Redevelopment Agency City Council: Chiron Development Plan, August 2, 1995.

⁶⁸ Interview with Jay Grover.

⁶⁹ City of Emeryville, Chiron Development Plan Environmental Impact Report and Response to Comments, June 1995.

⁷⁰ Interview with Greg Harper, Feb. 13, 2002.

⁷¹ City of Emeryville and Chiron Corporation, First Implementation Agreement and First Amendment to Participation Agreement, June 5, 2001.

⁷² DelVecchio, Rick, "Oakland to Settle over Biotech Firm's Growth," San Francisco Chronicle, September 20, 1995.

⁷³ The agreements were with the Alameda Building Trades Council and Service Employees International Union 1877. Source: Personal Communications with Alyssa Giachino, SEIU 1877 and Barry Lubovisky Alameda Building Trades Council.

⁷⁴ The advantage to the City is that the reimbursements are 1) triggered by how many buildings and square footage Chiron completes and 2) are paid out over a 30-year period based only on the property taxes revenue that the new development is creating. One way to look at it is that Chiron is getting a 30 year tax break (in the range of 45% to 65% of taxes on the new buildings) in exchange for cleaning up polluted Emeryville land and compensating the community for the impacts it will incur over that time period. This arrangement allows the City to minimize its risk in subsidizing Chiron - all of the community and environmental impact costs are shifted to the biotech firm today and the reimbursement is paid tomorrow as more buildings are built. If Chiron breaks the agreement and leaves Emeryville in 10 years, they will leave behind the bulk of the subsidy. The City claims that Chiron has incurred \$11.2 million in reimbursable costs, which counts toward the \$95 million cap (Source: City of Emeryville, Finance Department, City of Emeryville Comprehensive Annual Financial Report, FY 1998-1999, 1999). According to the most recent financial document, the City has reimbursed Chiron \$1.2 million as of June 2002 (Source: City of Emeryville, Official Statement Emeryville Public Financing Authority Revenue Bonds, 2002 Series A, November 19, 2002). If Chiron builds nothing more, we estimate that the firm will receive approximately \$5 million over the next 10 years.

⁷⁵ The dollar amounts assume that the full 2.2 million square feet are built within the life of the Development Agreement, which is 30 years.

⁷⁶ Annual fees begin the first year of occupation of the first building and run till the end of the Development Agreement. The first building opened three years after initiation of the agreement, leaving 27 years left in the Development Agreement.

⁷⁷ The municipal services fee is graduated based on the number of buildings Chiron completes. To calculate the total cost, we estimated the fee for the first five years (\$50,000 for first two years, \$175,000 for next

three) and added an average of the fees for five buildings over the next 25 years (\$175,000 for one building, \$500,000 for two, \$750,000 for three, \$1 million for four and \$1.3 million for five).

⁷⁸ We estimate the cost of a .75-acre park as equivalent to development of the City's Stanford Park, a .8-acre park completed in 1992 (source: City of Emeryville, Finance Department, CIP for Fiscal Years 2001-2002 through 2005-2006, 2001.)

⁷⁹ The cost sharing agreements between the City and Chiron are exceedingly complicated and dependent of many factors, including construction of the now defunct Kaiser Medical Center. We estimate that Chiron has reimbursed the City \$4.7 million to date for street extensions and intersection improvements (source: printout of the Chiron project cost accounting obtained from Karen Reid, City of Emeryville, Finance Department, Feb 2003).

⁸⁰ Interview with Jay Grover.

⁸¹ Interview with Nora Davis, City of Emeryville Councilmember, and Patrick O'Keeffe, Director of Department of Economic Development and Housing for City of Emeryville, Feb. 24, 2003.

⁸² Interview with Steve Meckfessel.

⁸³ The City also assisted Kaiser in purchasing several residential and small business parcels along 45th Street and along San Pablo, although the latter did not become part of the Pixar project. Kaiser also purchased a smaller three-acre site from a former PepsiCo bottling plant. Pixar purchased only those parcels west of a planned Emery street extension through the former PepsiCo site.

⁸⁴ City of Emeryville, Mitigated Negative Declaration Pixar Animation Studios Project, May 5, 1998.

⁸⁵ City of Emeryville, Development Agreement and Participation Agreement by and between the City of Emeryville, the Emeryville Redevelopment Agency, and Pixar Animation Studios, May 19, 1998.

⁸⁶ City documents show that the City incurred \$800,000 for site assistance to Pixar, including all fees and traffic mitigations. The City also anticipates incurring another \$500,000 for the second phase of the project, putting total costs \$200,000 above the \$1.1 million cap. Source: City of Emeryville, Finance Department, CIP, 2001, pg 128.

⁸⁷ We obtained the \$132,000 cost of the reversionary fee interest from City finance staff. Source: City of Emeryville, Department of Finance, unpublished printouts of redevelopment project accounts, and interview with Karen Reid, Feb. 10, 2003.

⁸⁸ The assessed value of the Pixar parcel in 1998-99, soon after Pixar acquired it, was recorded at \$10.25/sq ft (Source: City of Emeryville, Official Statement: Emeryville Public Financing Authority 1999 Revenue Bonds (Assessment District Refinancing), June 25, 1999). The size of the street parcel conveyed to Pixar was approximately 51,200 sq ft. We subtracted 6,400 sq. ft. of Pixar property that the company dedicated to a bikeway to arrive at a total of 44,800 sq. ft. This amount of land, valued at \$10.25/sq ft., would have been worth approximately \$460,000 in 1998.

⁸⁹ City of Emeryville, Resolution 98-60: A Resolution of the City Council of the City of Emeryville Approving an Amendment to the City of Emeryville General Plan for the Pixar Animation Studios Project, May 5, 1998.

⁹⁰ Interview with Ignacio Dayrit, Jan. 21, 2003.

⁹¹ City of Emeryville, Finance Department, CIP for Fiscal Years 2001-2002 through 2005-2006, 2001, pg 128.

⁹² City of Emeryville, 1992 Housing Element, 1992.

⁹³ Interview with Nora Davis and Patrick O'Keeffe.

⁹⁴ City of Emeryville, Finance Department, CIP for Fiscal Years 2001-2002 through 2005-2006, 2001.

⁹⁵ See note #88.

⁹⁶ Interview with Greg Harper, Feb. 26, 2003.

⁹⁷ City of Emeryville, Development Agreement and Participation Agreement by and between the City of Emeryville, the Emeryville Redevelopment Agency, and Pixar Animation Studios, May 19, 1998.

⁹⁸ City of Emeryville, Planning and Building Department and Economic Development and Housing Department, Memorandum to John Flores Re: Study Session on Pixar Animation Studios Proposed Revised Master Plan, as presented to City Council on Aug. 6, 2002.

⁹⁹ Temple, James, "Pixar pushes for new space to grow," San Francisco Business Times, December 27, 2002.

¹⁰⁰ The closest northern access is just across the Berkeley border and closest southern access is just across the Oakland border.

¹⁰¹ Interview with Igancio Dayrit, Jan 21, 2003.

¹⁰² Johnson, Kelly "IKEA hunts for site for one of its giant stores," Sacramento Business Times, November 16, 2001.

¹⁰³ Blatter, Helene, "7 Days: Speed limit six mph," East Bay Express, October 23-29, 2002.

¹⁰⁴ Interview with Jeannie Wong.

¹⁰⁵ City of Emeryville, Finance Department, CAFR for FY 2001-2002, 2002.

¹⁰⁶ Dayrit, Ignacio, Brownfields Redevelopment Demystified, City of Emeryville, July 2002

¹⁰⁷ Interview with Karen Reid.

¹⁰⁸ Dayrit, Ignacio, Brownfields Redevelopment Demystified, City of Emeryville, July 2002

¹⁰⁹ Ibid.

¹¹⁰ City of Emeryville, Finance Department, CAFR for FY 2001-2002, 2002.

¹¹¹ City of Emeryville, Draft MND for the Woodfin Suites Hotel, August 2, 1996.

¹¹² City of Emeryville, Department of Finance, unpublished printouts of redevelopment project accounts, and interview with Karen Reid, Feb. 10, 2003.

¹¹³ Matier, Phillip and Andrew Ross, "Caltrans Cries Uncle -- Town Gets Bridge Emeryville wins \$10 million for Roadway," The San Francisco Chronicle, Nov. 28, 1994.

¹¹⁴ City of Emeryville, Department of Finance, Bay-Shellmound Extension Project/Task Status, received under a public records request to the City, February 2003.

¹¹⁵ The City funded the project primarily through a \$5.6 million from a bond secured on the assessment district. Source: City of Emeryville, Official Statement: Emeryville Public Financing Authority 1999 Revenue Bonds (Assessment District Refinancings), June 25, 1999.

¹¹⁶ City of Emeryville, Department of Finance, Shellmound Corridor Project/Task Status and Shellmound Loop Project/Task Status, both received under a public records request to the City, February 2003.

¹¹⁷ Dayrit, Ignacio, Brownfields Redevelopment Demystified, City of Emeryville, July 2002

¹¹⁸ Emeryville Brownfields Pilot Project Status Report, City of Emeryville, 1999, <www.ci.Emeryville.ca.us/bf/bf-stst-sucessess.html>, accessed Jan. 2001.

¹¹⁹ Interview with Eric Hohmann.

¹²⁰ City of Emeryville, Summary Report Pursuant to Section 33433 of the California Community Redevelopment Plan on a Disposition and Development Agreement by and between the Redevelopment Agency of the City of Emeryville and the Emeryville South Bayfront Project Partnership, August 31, 1999.

¹²¹ Interview with Eric Hohmann.

¹²² California Department of Toxic Substances Control, <www.dtsc.ca.gov/database/Calsites/CALP001.CFM?IDNUM=01890019>, accessed January 2003.

¹²³ Sacred Sites International, <www.sitesaver.org/preservation/more_shell.html>, accessed February 2003.

¹²⁴ City of Emeryville, Summary Report Pursuant to Section 33433 of the California Community Redevelopment Plan on a Disposition and Development Agreement by and between the Redevelopment Agency of the City of Emeryville and the Emeryville South Bayfront Project Partnership, August 31, 1999.

¹²⁵ Ibid.

¹²⁶ Ibid.

¹²⁷ City of Emeryville, Eighth Implementation Agreement by and between the City of Emeryville Redevelopment Agency and Bay Street Partners, LLC., September 10, 2002.

¹²⁸ City of Emeryville, Financial Department, 2002.

¹²⁹ According to Eric Hohmann, Vice President of Development for Madison Marquette, remediation problems arose after the agreement was signed and they will seek reimbursement from the City.

¹³⁰ "The Polanco Redevelopment Law provides a redevelopment agency with the authority to take any action necessary to remedy or remove a release of hazardous substances from a property in a redevelopment project area...This allows buyers and developers, working together with the Redevelopment Agency, to redevelop brownfields sites by obtaining liability protection against future claims arising from existing contamination." Source: Dayrit, Ignacio, Brownfields Redevelopment Demystified, City of Emeryville, July 2002.

¹³¹ City of Emeryville, Development Agreement by and Between the City of Emeryville and Emeryville South Bayfront Redevelopment Project Partnership, September 17, 1999.

¹³² City of Emeryville, Memorandum to City Manager from Economic Development Department and City Attorney's Office RE: the Emeryville Shellmound Memorialization and Education Program, May 21, 2002.

¹³³ City of Emeryville, City of Emeryville General Plan, 1987.

¹³⁴ San Francisco Business Times, 12/22/99; The Recorder, 10/23/99.

¹³⁵ Goll, David, "Bay Street pushes city into big leagues," East Bay Business Times, Sept. 4, 2002

¹³⁶ California Department of Toxic Substances Control, <www.dtsc.ca.gov/database/Calsites/CALP001.CFM?IDNUM=01890019>, accessed January 2003.

¹³⁷ Interview with Ignacio Dayrit, Jan. 21, 2003.

¹³⁸ Johnson, Chip, "Flap Over Indian Bones," San Francisco Chronicle, May 20, 1999.

¹³⁹ Sacred Sites International, <www.sitesaver.org/preservation/more_shell.html>, accessed February 2003.

¹⁴⁰ City of Emeryville, Department of Finance, unpublished printouts of redevelopment project accounts, and interview with Karen Reid, Feb. 10, 2003.

¹⁴¹ Ibid.

¹⁴² City of Emeryville, Department of Finance, unpublished printouts of redevelopment project accounts; interview with Karen Reid, Feb. 10, 2003; and Richman, Josh, "Emeryville Wins \$3.85 Million Deal Over Tainted Land," Oakland Tribune, March 28th, 2001.

¹⁴³ The City has been awarded another \$3.85 million in environmental remediation costs from two other former tenants of the Bay Street site, although the judgment has been appealed (Source: Richman, Josh). However, this gain may be offset by another judgment against the City to pay an additional \$6 million for the eminent domain purchase of land from Elementis (Source: San Francisco Business Times, Emeryville out \$6.5 million in land deal, December 22, 1999) This, too, is in appeal.

¹⁴⁴ City of Emeryville, Summary Report Pursuant to Section 33433 Of the California Community Redevelopment Plan on a Disposition and Development Agreement by and Between the Redevelopment Agency of the City of Emeryville and the Emeryville South Bayfront Redevelopment Project Partnership, adopted August 1, 1999.

¹⁴⁵ City of Emeryville, Seventh Implementation Agreement to the Disposition and Development Agreement between the Redevelopment Agency of the City of Emeryville and Bay Street Partners LLC, June 20, 2002.

¹⁴⁶ Interview with Ignacio Dayrit, Jan. 21, 2003.

¹⁴⁷ Interview with Eric Hohmann.

¹⁴⁸ These are Multi-Family Housing Revenue Bonds. They are funded by the Federal government and allocated through the State on an annual basis. The developer is entirely responsible for paying off the bonds.

¹⁴⁹ Personal communication with Eric Hohmann.

¹⁵⁰ City of Emeryville, South Bayfront Project Draft Environmental Impact Report, October 1998.

¹⁵¹ City of Emeryville, Seventh Implementation Agreement to the Disposition and Development Agreement between the Redevelopment Agency of the City of Emeryville and Bay Street Partners LLC, June 20, 2002.

¹⁵² Comment by Nora Davis from interview with Nora Davis and Patrick O'Keeffe.

¹⁵³ City of Emeryville, Chiron Development Plan EIR: Responses to Comments on and Changes to the Draft EIR, June 1995, pg IV.1.

¹⁵⁴ City of Emeryville, South Bayfront Final Environmental Impact Report, January 15, 1999.

¹⁵⁵ Interview with Ron Gerber; interview Ignacio Dayrit, Feb. 28, 2003.

CHAPTER II: OUTCOMES FOR THE REGION

SUMMARY

The echoes of Emeryville's boom have reverberated throughout the region. Chapter I describes Emeryville's dramatic transformation. In this section, we examine the impact of redevelopment on two of the East Bay's most pressing crises - economic hardship for working families and the lack of affordable housing. We ask: Is the East Bay as a whole better off or worse off as a result of Emeryville's growth? Has redevelopment in Emeryville helped address the region's most urgent needs?

Emeryville's redevelopment took place in the context of a growing crisis of unequal economic opportunity in the East Bay. Despite an economic boom in the late 1990s that created historically low unemployment, workers at the bottom of the wage scale were worse off at the end of the decade than at the beginning of the decade. Behind this trend were a dwindling number of well-paying blue-collar jobs and a rise of low-wage service sector jobs.

These job trends were especially acute in Emeryville. Over the last several decades, Emeryville transformed from a post-war manufacturing town to a booming retail and service sector hub. Since 1984, manufacturing has declined from 47% of all jobs to 14% while the service sector increased from 15% to 48%. A review of the 20 industries that grew the most over the 1990s shows that few new jobs were created in middle-wage industries such as manufacturing. New job growth was primarily divided between low-skill, low-wage paying industries such as retail, and high-skill, well-paying industries such as computer-related services.

This resulted in few opportunities for low-income job seekers in Emeryville. For a family of three with one earner, 43% of the new jobs do not pay enough to escape economic hardship, as measured by the 200% poverty threshold. A full seventy percent (72%) do not pay enough to provide for basic needs, according to a Basic Family Budget measurement. For a family of four with two earners 15% do not pay enough to keep a family above the 200% poverty threshold and 45% do not pay enough to meet a Basic Family Budget threshold.

Workers employed at city-facilitated retail and hotel developments face particularly difficult conditions. In recent years, five major retail and hotel redevelopment projects alone have created over 2,000 jobs. We surveyed retail and hotel employees in four of these projects to assess their family economic conditions. Survey respondents represented one out of every four workers. For those workers, eighty-seven percent (87%) of their jobs pay an inadequate wage for a family of four to make ends meet. Eighty percent (80%) of their jobs pay less than what a family of three needs to escape economic hardship.

Low-wage job creation in Emeryville also had a profound impact on the affordable housing crisis in the East Bay. The East Bay is one of the most expensive places in the country to live; few families can afford a median priced home and low-income renters spend a disproportionate amount of their incomes on rent. Over the last decade, job and population growth have outstripped construction of new housing while rents soared during the 1990s. The housing burden placed on low-income families in the region is recognized as one the Bay Area's most pressing problem.

Since 1990, the city has added 1,098 new units of housing, of which 42% were reserved as affordable. The City used its substantial redevelopment resources to fund a variety of programs to facilitate affordability, including direct subsidies to developers, loans to families and an inclusionary zoning policy. As a result, Emeryville met 84% of its fair share of regional housing needs from 1990 to 1998. The City was among region's best performing cities in production of affordable housing, as measured by these fair share standards.

Despite Emeryville's performance on this measure, the City did not produce sufficient units to meet the affordable housing demand created by new jobs in Emeryville. Since Emeryville's job growth vastly outstripped its population growth, the ABAG fair share housing needs determination does not reflect the city's role as a regional job generator. Using another standard to measure the jobs-housing link, we find that the City will have produced only one-fourth (27%) of the units needed by all new low-wage workers employed in Emeryville. Furthermore, looking narrowly at the retail and hotel projects that the City facilitated, we found that housing demand will also outpace job creation by three to two. In other words, the majority of the housing demand created by new jobs in Emeryville has been shifted to other cities in the East Bay.

At the same time Emeryville shifted housing demand to other cities, the City reaped a windfall of revenues from new businesses that draw customers and employees from throughout the region. In particular, the City pursued and captured a disproportionate share of net new sales tax, a source of revenue relied on by most local governments for discretionary spending. Overall, this drew revenues needed to provide public services, especially housing, away from other cities that house Emeryville's workforce.

Based on these findings, we conclude that the Emeryville's redevelopment did not, overall, mitigate the economic opportunity and affordable housing crises facing the East Bay region. While no city bears sole responsibility for solving regional problems, Emeryville had a unique opportunity with its redevelopment powers and land advantages to improve conditions for all families in the East Bay. That the City did not choose to take advantage of this opportunity will have serious implications for the region's future.

JOB CREATION

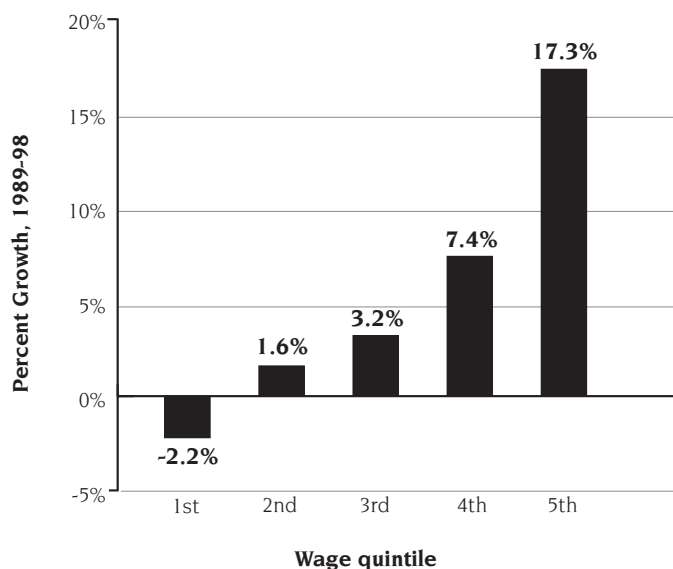
The transformation of Emeryville impacted the regional job market as profoundly as it changed the city's physical landscape. In this section, we examine the impact on the regional labor market of both overall redevelopment in the city and, in particular, City government's redevelopment activities. We first discuss the regional context of Emeryville's job growth - a growing crisis of economic opportunity for low-wage working families. We then examine the changes in Emeryville's industrial sectors over the last 20 years, with particular attention to the last decade when the City began redevelopment efforts in earnest. Following this, we assess how many of the total new jobs pay workers enough to be free of economic hardship, as measured by the 200% poverty threshold and a Basic Family Budget threshold. In the same vein, we assess whether jobs created by city-facilitated retail and hotel projects also helped workers earn above economic hardship thresholds. We conclude with an assessment of whether Emeryville's transformation has improved regional conditions.

East Bay Crisis of Economic Opportunity

Over the decade of the 1990s, the Bay Area economy went from bust to boom and generated unprecedented prosperity for most workers and their families. Total regional income (i.e., all income for all persons summed together) rose 28%, more than any other region in the U.S.¹ The Bay Area also climbed to the top of cities with the most people on Forbes magazine's 400 Wealthiest Americans list. The East Bay shared in this prosperity. Unemployment reached an historic low of 3.8% and most workers realized significant wage gains. However, inequality between the top and the bottom of the wage and income scales grew sharply. Worse still, workers at the bottom saw their average hourly earnings decline over the decade. Despite the strongest economy in decades, the poverty rate for East Bay residents remained the same.

The most dramatic trend over the decade was the increase in wage inequality. Figure 2.1 shows that workers in the top fifth of the wage scale saw their earnings increase by 17%.² Workers in the bottom two-fifths saw negligible gain and workers in the bottom fifth actually saw a slight decline. Wage inequality between race groups also grew in the East Bay. While median wages rose for whites (14.7%) and Asians (5.5%), median wages for blacks (-1.8%) and Latinos (-1.2%) fell slightly. A study of all California's regions showed similar trends for the Bay Area over the period 1989 to 2001.³

It may have come as a surprise to many that even with more people working than ever, poverty in the East Bay did not decline. According to the Census, the proportion of persons living in poverty in the East Bay actually increased slightly from 12.5% in 1990 to 12.7% by 2000. The Federal poverty measure greatly underestimates the income level at which families in the Bay Area experience economic hardship, but, even at this very low threshold, over half (53%) of the families below

Figure 2.1. Percentage Growth in East Bay Wages, 1989-98

Source: Authors' analysis of CPS ORG

the poverty level have at least one working adult.⁴ Working poverty for some and soaring incomes for others characterized the boom economy of the late 1990s.

One of the primary factors leading to these disturbing wage and inequality trends is the disproportionate growth of high and low wage paying jobs. Some call this trend an "hourglass" economy because it bulges at the top and bottom while thinning in the middle. In California, low and high wage industries grew by 300,000 and 700,000 jobs from 1990 to 1999.⁵ Meanwhile, the state lost 100,000 middle-wage paying jobs. In the East Bay, the loss of manufacturing and military jobs over the 1990s coupled with growth in sectors like temporary work and computer programming led to a similar pattern.⁶ The problem with the hourglass economy is that opportunities for family-supporting employment may be available only to a relative handful of highly skilled and educated workers.

As discussed earlier, the jobs created by Emeryville's renaissance offered the hope of prosperity not only to city residents but also to the other historically disinvested communities of inner East Bay. In the next section, we examine trends in Emeryville's job and industry growth in order to assess the impact of the city's economic growth on the regional labor market.

From Smokestacks to Services: Industrial Change In Emeryville

For over a century, the City of Emeryville has acted as a job generator for the East Bay. Far more people have worked in Emeryville than have lived in Emeryville. From the early 1900s through the 1980s, thousands of East Bay residents could

Russell Moran

Russell Moran has owned land in Emeryville for over 40 years. He has lived in Emeryville throughout several periods of transformation and change.



"Before the 1980's Emeryville primarily had blue-collar type work. It was a center for the trucking industry and other industries like paint and railroad."

According to Russell, two things happened: the land value went up, and technology changed the way these industrial businesses operated, "There was constant pressure to use the area for higher income business. Another thing is that there are low taxes, which made this a prime location for business."

"I feel that the jobs were better before these changes took place, because the people that lived in Emeryville could walk to work, they were in the union and had health benefits and security. Now there is no opportunity for blue-collar jobs, they have either moved out of Emeryville or even out of the country. Those workers have to move or take more inferior jobs!"

"Even though Emeryville is better without all of the pollution-causing factories, they need to find a way to make it equitable for everyone. You have to look at the fact that development is not just for the buyers and the owners - it impacts the whole community. It seems like the whole burden of development falls on the poorer community members that live in Emeryville."

"What you can do is make the heartache of gentrification better by making sure there are good jobs, and childcare available. And when you improve the neighborhoods make sure that the people that lived there and struggled can enjoy it too."

count on family supporting jobs in manufacturing, steel milling, warehousing, food processing, paint production, and wholesale industries. Twenty years ago, Emeryville was still a major East Bay manufacturing town, with nearly half of all workers employed in manufacturing.⁷ Less than one fourth of all workers were in retail and service industries.

In the 1987 General Plan, community participants and City officials predicted that the town was on the cusp of major industrial change.⁸ As in many older urban parts of the East Bay, manufacturers were moving to the suburbs or shifting production to other countries, and service-oriented businesses were becoming interested in locating in Emeryville. At the time, office towers already dominated the peninsula, an area that accounted for 20% of all jobs in the city. The authors of the Plan predicted an influx of office jobs, regional-serving retail, biotech industries and business start-ups. However, they also clearly stated a desire for Emeryville to maintain a diverse economy that encouraged existing small manufacturers to remain and new ones to locate in the city. They predicted that manufacturing and wholesale would still account for 43% of all jobs by 2005.⁹ As we show below, this prediction was false.

Table 2.1 shows employment change in the traditional industrial sectors from 1984 to 2001. Manufacturing firms declined in importance, dropping from 47% of all jobs to only 14%. At the same time, service-producing firms, which include most professional and high-tech workers, increased from 15% of all jobs to nearly half (48%) of all jobs. Wholesale also declined significantly in importance. Retail trade increased from the fourth largest sector to the third largest.

Table 2.1: Emeryville Industrial Sector Change, 1984 to 2001

<i>Industrial Sector</i>	1984		2001	
	<i>Employees</i>	<i>% of All Jobs</i>	<i>Employees</i>	<i>% of All Jobs</i>
Construction	365	3%	1,190	6%
Manufacturing	6,139	47%	2,787	14%
Wholesale Trade	1,879	15%	1,528	8%
Retail Trade	1,188	9%	2,785	14%
Transportation and Warehousing	467	4%	310	2%
Finance, Insurance and Real Estate	558	4%	467	2%
Government & Other	433	3%	1,309	7%
Service	1,902	15%	9,525	48%
TOTAL	12,931	100%	19,901	100%

Source: 1987 General Plan and California EDD (using NAICS sectors): Figures do add to 100% due to rounding.

The growth in service and retail sectors mirror changes in the broader composition of the regional economy. However, within Emeryville's service sector, specialization in biotechnology, computer and digital services and regional shopping centers has made it distinct from surrounding cities and the larger region.

Job Growth in the 1990s

In order to assess the impact of Emeryville's redevelopment activities on the regional labor market, we focus primarily on industry and job trends since 1990. First, we explore total industry growth. Then we assess the quality of the jobs that were created over this period.

Total Job Growth Outpaces Region

Economic activity, as measured by job growth, grew at a much faster rate in Emeryville than in the region, despite a loss of manufacturing jobs. In 1991, businesses in the Emeryville zip code reported a total of 14,360 jobs.¹⁰ Over the course of the decade, older blue-collar firms such as Barbary Coast Steel, Berkeley Farms Dairy, Grove Valve and Regulator, and Jelly Belly Candy Company reduced operations or left the city. In their place came high-tech corporations, such as Chiron and Pixar, many smaller high-tech or professional firms, and major retailers such as Home Depot and IKEA. By 2001, the total number of jobs in the Emeryville zip code had grown to 19,901 jobs, an increase of approximately 5,500.¹¹ The city's jobs growth rate (39%) was twice the job growth rate of the East Bay (20%), over the same time period.¹²

New Jobs Concentrated in High-Tech and Retail Industries

From 1991 to 2000, extensive construction of new office buildings, corporate headquarters and large retail centers led to large growth in industry categories such as

Computer and Data Processing, Management Services, Eating and Drinking Places and various retail sectors.¹³ (See Appendix A for a list of the top 20 industries with the most growth over this time period.) In turn, these industries created concentrations of employment in occupations such as cashiers, computer programmers, general managers and office clerks. (See Appendix A for a list of the top 20 occupations and their average wages.) Jobs in these industries represent 82% of the top twenty occupations.

Since 2000, redevelopment has continued to follow the pattern described above. Several new office buildings have been completed, including Watergate Tower IV, EmeryStation North, Emery Farms and the Hollis Street Business Center. These buildings together provide 800,000 square feet of space, some of it designed for biotech and high-tech firms, and about 1,000 new jobs.¹⁴ In the low-skill service sector, the recently opened Bay Street retail center will add 1,000 new retail and movie theater jobs.¹⁵ The Promenade neighborhood retail center, which opened with a new Longs Drug Store in 2002, will add another 70 retail and restaurant jobs when completed. The two new hotels, Marriott Courtyard and Woodfin Suite Hotel, added 140 hospitality jobs.¹⁶ The City helped facilitate all of these projects with the exception of Watergate Tower IV.¹⁷

Majority of New Jobs Pay "Hardship" Wages

In this section, we assess the ability of new Emeryville jobs to sustain a family above various thresholds that measure economic hardship. We chose two thresholds that account for the living conditions specific to families in the East Bay and Bay Area: 1) 200% of the Federal poverty threshold and 2) a "Basic Family Budget" threshold that estimates the minimum income a family needs to survive without government assistance. We also chose two family types to represent the kinds of workers and their dependents that may be seeking economic opportunity to escape from hardship. The first family consists of one parent raising two children. The second family consists of two full-time working parents raising two children. As we found in our survey of hotel and retail workers (described later in this section), most low-wage workers live in families and 40% live with children. One in six workers are supporting children by themselves.

We have found that a very high proportion of the new Emeryville jobs do not pay enough for a single working parent with two children to escape economic hardship. Table 2.2 shows that 43% of all the new Emeryville jobs pay less than 200% of the poverty rate.²¹ Over two-thirds of the jobs pay less than what the family needs to barely make ends meet without government assistance. Even a two parent working family would have difficulty making ends meet with most new Emeryville jobs. While only 14% of the jobs pay less than what this family would need to escape poverty conditions in the East Bay, 54% still do not pay enough for the family to cover the basic monthly budget.

Measuring Family Hardship

Poverty

Although the Federal poverty threshold is a well-recognized indicator, it is an inadequate measure of economic hardship in California in general and especially in the Bay Area. Many scholars and analysts have argued that the threshold significantly underestimates the number of people facing serious economic hardship.¹⁸ The primary concern is the fact that the Federal poverty threshold does not account for differences in the regional costs of living. The poverty rate is the same for Topeka, Kansas where homes cost \$100,000 as it is for the East Bay where homes cost \$350,000. For these reasons, many policy analysts assessing hardship in California apply a multiplier to the poverty threshold such as 150% and 200%.¹⁹ We employ the 200% of poverty measure and supplement it with the Basic Family Budget threshold described below.

Basic Family Budget

The California Budget Project (CBP), a non-partisan research organization, has developed another economic hardship measure based on actual costs of living for typical families.²⁰ The "basic family budget" analysis determines the most basic monthly costs for a family, including housing, transportation, childcare, etc., and sums those costs to arrive at the minimum income required to just make ends meet. No savings, education or leisure costs are included on the expense side and no government program assistance is assumed on the income side. See Appendix B for the calculations for a Bay Area basic family budget.

To translate these thresholds into hourly wage levels, we simply divided the annual income amounts by 2,080 hours, or what an employee working 40 hours a week would earn in a year. As the Federal Department of Labor considers 35 hours a week to constitute full-time employment, our use of 40 hours as full-time is conservative.

Table 2.2: Percentage of New Jobs Paying Less Than Economic Hardship Thresholds in 2000

<i>Measure of Hardship</i>	<i>Annual Income Threshold</i>	<i>Wage If Full Time</i>	<i>% of New Jobs Less Than Wage</i>
<i>Family of Three, One Earner</i>			
200% of Poverty	\$28,256	\$13.58	43%
Basic Family Budget	\$54,069	\$25.99	72%
<i>Family of Four, Two Earners</i>			
200% of Poverty	\$36,208	\$8.70	15%
Basic Family Budget	\$61,593	\$14.81	45%

Source: Bureau of Census, CA Budget Project, Author's Analysis of CA EDD Data

Eva Benitez

Eva Benitez* works as a housekeeper at an Emeryville hotel. She lives in a two-bedroom apartment in Richmond with her husband, three children, and her mother-in-law. She has worked in Emeryville for two years.

Eva earns \$8.75 per hour, the same wage as most of her coworkers. "Not a single housekeeper can afford the rents here in Emeryville," she says. Long commutes from Richmond, Hayward, and Concord are standard. "We can't afford the \$160 per month medical plan either. Even if we could afford it, it would only cover us as individuals. We are full-time workers but we don't have healthcare for our families. We go without it and hope for the best."

"Since the hotel opened, our workload has gone up every year to the current requirement of cleaning more than 14 suites per day," she says, "Injuries at work are common and every single housekeeper experiences back pain because of the heavy equipment and the dangerous ergonomics involved in cleaning the rooms. Severe wrist and arm injuries have taken some workers off of the job, leaving them without income for months."

Physical injury is not her only concern. According to Eva, she and her fellow workers are under constant mental and psychological stress due to intimidation and threats used by the hotel management to quell discontent amongst the workers.

"In the past year, the hotel has used the excuse of immigration status to dismiss workers who were calling for better wages and a safer work environment."

**Name has been changed for confidentiality*

For workers who live in Emeryville and surrounding communities, economic growth since 1991 has resulted in a greatly reduced availability of medium wage, blue-collar jobs. Many workers who at one time could have found a manufacturing or transportation job now find their job options limited to retail and low-skill service sectors. Most of these jobs do not pay enough to ensure the well-being of working families.

Redevelopment Project Jobs Create Hardship

Many of the jobs described above, from corporate managers to hotel room cleaners were created as a result of the City of Emeryville's economic development activities. Five of the development projects facilitated by the City of Emeryville produced a total of nearly 2,200 new jobs in the low-wage retail and hospitality industries. These jobs, which seldom require formal education or training, employ large numbers of residents from surrounding low-income communities. Based on a survey of employees from four of these projects, we determined that most of these workers and their families struggle to make ends meet on the wages and benefits they receive.

The five projects are the East Baybridge retail center, the IKEA store, Bay Street shopping center, the Marriott Courtyard hotel and the Woodfin Suite Hotel. Table 2.3 shows the estimated number of jobs created by each project.²²

What was the quality of the jobs that these projects created? Who are the workers that have taken these jobs? What are their family conditions? In order to answer these questions, we conducted a non-random survey of approximately 280 Emeryville retail and hotel workers from four out of the five projects - the survey did not include Bay Street, as it had not opened at the start of our survey.

Our sample represents 25% of the estimated 1,181 from the four projects. Below we describe some key findings of the survey. The findings of the survey are described in further detail in Appendix C.

Table 2.3: Retail and Hotel Developments, 1990-2002

<i>Development</i>	<i>Year Opened</i>	<i># Jobs</i>
East Baybridge Center	1994	700
IKEA	2000	330
Marriott Hotel	2001	80
Woodfin Suite Hotel	2001	60
Bay Street ²³	2002	1,000
<i>Total</i>		2,170

Source: City of Emeryville, Interviews With Managers

Key Survey Findings

The median wage for all respondents is \$10.04 an hour. Ninety percent (90%) of all workers make less than \$15 an hour. About 10% of the workers receive some form of additional non-wage compensation, such as commission, tips, or weekend incentive pay.

Using the same poverty and basic family budget thresholds from the previous section, we determine that our typical families of three and four persons would have great difficulty finding jobs with these employers that allow them to make ends meet (see Table 2.4). For the single parent with two children, four out of five jobs would pay less than the 200% poverty level and all the jobs would pay less than what is needed to meet the basic family budget threshold.

Table 2.4: Most New Hotel and Retail Jobs Pay Less Than Economic Hardship Threshold Wages

<i>Measure of Hardship</i>	<i>Annual Income Threshold</i>	<i>Wage If Full Time</i>	<i>% of Jobs Less Than Wage</i>
<i>Family of Three, One Earner</i>			
200% of Poverty	\$28,256	\$13.58	80%
Basic Family Budget	\$54,069	\$25.99	100%
<i>Family of Four, Two Earners</i>			
200% of Poverty	\$36,208	\$8.70	20%
Basic Family Budget	\$61,593	\$14.81	87%

Source: Bureau of Census, CA Budget Project, CA EDD and Authors' Worker Survey

Compared to other industries, the retail and hospitality sectors provide the lowest standard of health insurance to workers. Slightly more than half of surveyed workers (56%) said that they received health insurance from their employer. This is in line with research that shows 55% of retail and wholesale employers in California offer health insurance.²⁴ In general, this rate of coverage is 5% to 30% lower than in other industries.²⁵

Eighty-seven percent (87%) of surveyed workers are persons of color, with over half responding as African-American.

Workers in the surveyed stores and hotels live in cities throughout the East Bay, but most live in nearby cities. Half live in Oakland (51%), another 9% live in Emeryville and 6% live in Berkeley. Another 19% live within fifteen miles, in cities such as Alameda, Albany and San Leandro. The remaining 15% live as far away as Brentwood, Concord, and Livermore. Three out of four workers (74%) arrive by auto and 18% arrive by public transit.

Most workers live in family households and nearly half live with children. Surveyed workers live, on average, in households of 3.4 people. Three out of four (75%) live with at least one family member. Furthermore, 46% of all workers live with at least one related child under 18 (not including the respondent). Of all workers surveyed, 16% are raising children with no other adults in the household.

Surveyed retail and hotel employees generally work 40 or more hours a week and are important contributors to household income. Fifty-eight percent (58%) pay half or more of the bills in their household. Only 9% do not contribute anything to household bills. Sixty-eight percent (68%) work 40 hours or more per week and one out of four workers (25%) go beyond a typical work-week by working more than 40 hours a week.

Two thirds of workers' households (63%) had an income in 2001 of less than \$35,000. Two out of five (42%) had incomes below \$25,000. Over two out of five workers' families (45%) are low-income by U.S. Department of Housing and Urban Development definitions.²⁶

Conclusion

Emeryville's job creation must be assessed in the context of the regional economic opportunity crisis faced by many East Bay workers. As we demonstrate, Emeryville experienced rapid job growth that was primarily split between high-wage, high-tech industries and low-wage service sector industries. The majority of these jobs created over the course of the last decade paid hardship wages. This trend was more pronounced in retail and hotel jobs created by City redevelopment projects. Our survey of these projects' employees show that most workers are family breadwinners and struggle to support their families on the wages received.

A sizable minority of jobs created in Emeryville over the last decade do pay enough for families to escape hardship. Pixar, Chiron and Siebel are just a few of

the many firms that offer well-paying jobs and good benefits. Unfortunately, these jobs are available to only a few of the region's workers who already possess specialized skills or a high level of formal education. As we will see in Chapter 3, Emeryville provided few services to help residents acquire these skills and education. Though Emeryville has created thousands of new jobs, the city does not appear to have contributed to reversing the regional trend toward an hourglass economy and may, indeed, have furthered the trend.

As we describe in the following section, this growth in low-wage employment also raises serious issues related to the region's availability of affordable housing.

AFFORDABLE HOUSING DEMAND

As we saw in the previous section, Emeryville created thousands of low-wage jobs. The city's small size suggests that many of these low-wage workers have had to find housing elsewhere in the region. In this section, we assess the impact of Emeryville's redevelopment on the region's affordable housing crisis.

As a context for these impacts, we first explore the severity of the crisis. We then examine the number of affordable housing units built and the amount of funds spent by Emeryville since 1990. We compare Emeryville's accomplishments to other cities using the Association of Bay Area Government's Regional Housing Needs Determination (RHND) requirements. Because the RHND does not provide an adequate measure of direct housing demand resulting from job creation, we also measure Emeryville's performance using another standard used in housing "linkage fee" policy analyses. We use this standard to measure both housing demand created by all low-wage jobs and the demand created by four hotel and retail projects that the City helped facilitate over the last ten years. We conclude by assessing whether the City has helped mitigate the region's affordable housing crisis through redevelopment efforts.

East Bay Affordable Housing Crisis

Business and community leaders throughout the Bay Area are concerned about the high cost of housing for region's workforce. From highly paid professionals to the lowest paid service employees, housing is a major challenge for all workers. Local governments across the greater region have difficulty attracting people to fill critical public positions such as teachers, police and firefighters. The recent economic boom has exacerbated the crisis further, driving up prices and forcing low-income families to scramble for low-cost options, often including living in over-crowded units.²⁷ Three years after the end of the economic boom of the late 1990s, housing prices remain high.²⁸

Homeownership is out of reach for the majority of the East Bay's working families. In February 2003, a median priced home in Alameda and Contra Costa Counties cost \$380,000 and \$360,000, respectively.²⁹ Based on these prices, only 24% of Alameda County families and only 15% of Contra Costa County families can afford a median priced home.³⁰

Renters face steep costs as well. Over the decade of the 1990s, rent increased 15% faster in the Bay Area than the in rest of the U.S and 30% faster than in Los Angeles.³¹ In 1998, two out of five renters in the East Bay paid rent in excess of the Federal Housing and Urban Development's threshold for excessive rent burden.³² By HUD's most recent fair market rent assessment (2002), the East Bay region is the fourth most expensive rental housing market in the country.³³

The housing crisis in the East Bay, and in California in general, has worsened as job creation has outpaced housing construction for more than a decade. New workers and their families moving to the region and the State have faced increasingly scarce housing prospects. The relative inadequacy of housing construction has been especially acute in Alameda County. From 1994 to 2001, 4.1 jobs were created for every one housing unit constructed in Alameda County, far short of the 1.5 to 1 ratio recommended to maintain a balance.³⁴

Emeryville Affordable Housing Production

Emeryville has experienced tremendous housing growth since 1990. Much of the housing produced in Emeryville over our study period was reserved as affordable: by regional fair share housing standards, Emeryville was among the region's best performing cities. This accomplishment is primarily due to the large scale of revenue generated by Emeryville's redevelopment areas combined with the State mandate to set aside 20% of redevelopment revenue for affordable housing.

Housing Production and Programs, 1990-2002

From 1990 through 2002, Emeryville produced an estimated 1,098 units of housing, an increase of 30% over the 3,640 units existing in 1990.³⁵ Total housing construction over this time period cost approximately \$60 million in unadjusted dollars.³⁶ The City generated and spent approximately \$28 million on affordable housing programs entirely through the redevelopment agency's 20% set-aside funds.³⁷ The City has also helped developers leverage over \$37 million in public bonds for the construction of affordable housing in multi-family complexes. With these combined resources, the City helped produce a total of 463 affordable housing units: 213 units of very low-income housing, 169 units of low-income housing, and 81 units of moderate-income housing.³⁸ The remaining 635 units were market rate. We describe below the key programs behind this affordable housing production.

The \$28 million generated by the State-mandated set-aside provided the core funding for most of the City's housing programs. Some of these revenues funded programs aimed at assisting lower-income families to buy, rent, and repair homes. One program provided forgivable loans to first-time home-buyers for up to 15% of the cost of the home. By mid-year 2001, the City had lent approximately \$3.2 million³⁹ to assist 145 mostly below moderate-income buyers.⁴⁰ Another program provides up to \$100,000 in a forgivable loan to low-income households to buy units in newly built housing.⁴¹ The City issued a \$3 million bond in 2001 to subsidize approximately 30 households with this program.⁴²

In 1990, the City adopted an Affordable Housing Set Aside ordinance that requires developers of housing projects with 30 or more units to make 20% of those units affordable to at least moderate-income families.⁴³ Unlike the State's mandate to set aside a portion of tax increment, the ordinance sets aside a portion of housing units in a larger project. This kind of policy is known as an "inclusionary" policy because the developer is encouraged or required to include affordable units among an otherwise market rate project. The City adopted this ordinance partly to comply with a provision of the Community Redevelopment Law that requires agencies to ensure 15% of all housing produced in redevelopment areas be affordable.⁴⁴

Many cities in the Bay Area use inclusionary housing policies, although they typically rely on non-monetary incentives, such as allowances for more units per acre of land, to increase the feasibility of financing the inclusionary units.⁴⁵ In most cases, however, the City of Emeryville has provided developers with subsidies to help them meet these affordable unit goals.⁴⁶ This policy has been critical to the City's affordable housing creation record since 1990.

Finally, the City took advantage of a State program to provide low-cost bonds to private housing developers. The bonds, called Multi-Family Housing Bonds, are only made available to developers building within a redevelopment area and only with redevelopment agency sponsorship. Projects must compete state-wide for a limited amount of bond funding and must offer substantial affordability - at least 40% of the units must be affordable to families at 60% or less of median income.⁴⁷ The two largest affordable housing projects in Emeryville, the Emery Bay Club and Apartments (1993) with 260 units and Bridgecourt (1997) with 220 units, were built with these bonds. The City bonds for these projects totaled \$21 and \$16.5 million respectively.⁴⁸ These projects alone accounted for 75% of all very low and low-income units built from 1990 to 2002.⁴⁹

Housing Production Compared to Other Cities

As discussed in Chapter 1, the City has had significant advantages over other cities in its pursuit of redevelopment. Because the Emeryville Redevelopment Agency generates the highest per person tax increment of any Bay Area city, the City also has more tax increment set-aside funds for affordable housing per person than other cities. Relatively speaking, we would expect the City to do better than most on building affordable housing. Using a regional housing needs performance measure, we find that this was true.

In order to compare affordable housing production among Bay Area cities, we use data on local government performance relative to the Association of Bay Area Government's (ABAG) Regional Housing Needs Determination (RHND). Since 1980, the State has mandated that local governments include "fair share" housing production goals in their general plan updates.⁵⁰ With the establishment of these goals, the State holds every local government responsible for a portion of projected housing need so that 1) the region as a whole creates an adequate supply and 2) every city shares the responsibility. In the Bay Area, these fair share require-

ments are determined by ABAG in the RHND for periods of eight to ten years. The latest period for comparison was 1988 to 1998. Information on local government performance towards these goals represents the best set of data on affordable housing production in the Bay Area.

ABAG determined that in the period 1988 to 1998 Emeryville's "fair share" of regional housing construction was 765 total units, of which 505 should be affordable.⁵¹ The City met 82% of its overall housing production goals and 84% of its affordable housing goals (see Table 2.5).⁵² The City showed the strongest performance towards low and moderate-income housing goals, achieving 91% and 97% respectively. The City's production of very-low income units met only 68% of the RNHD goals.

Table 2.5: Emeryville Performance Towards ABAG Regional Housing Needs, 1990-1998

	<i>Very Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Total Affordable</i>	<i>Above Moderate</i>	<i>Total</i>
Total Units Built	147	134	173	454	209	663
Demolished Units ⁵³	10	9	10	29	0	35
<i>Net Units</i>	137	125	163	425	209	628
ABAG Requirement	199	138	168	505	260	765
<i>Percent of goal</i>	69%	91%	97%	84%	80%	82%

Source: City of Emeryville

Despite falling somewhat short of RHND affordable housing goals, Emeryville performed better towards overall affordable housing goals than most neighboring cities and better than major cities for which data is available (see Table 2.6).⁵⁴ Emeryville's performance (84%) was second only to Richmond's (310%) and was considerably better than Berkeley's (64%) and Oakland's (49%).

Table 2.6: Emeryville RHND Performance Strong Among Bay Area Cities, 1988-1998

<i>Bay Area City</i>	<i>Affordable Housing Need Met</i>	<i>Bay Area City</i>	<i>Affordable Housing Need Met</i>
Richmond	310%	Palo Alto	40%
Emeryville	84%	San Francisco	25%
Berkeley	64%	Santa Rosa	16%
Alameda (City)	51%	Hayward	7%
Oakland	49%		
San Jose	42%	<i>Bay Area Average</i>	32%

Source: Greenbelt Alliance and The Non-Profit Housing Association of Northern California

Since 1998, the City has continued to assist in the construction of affordable housing through the programs and policies described in the above section. Through 2004, the City will build another projected 203 affordable units (see Appendix D). The City does not appear to be performing as well in the fulfillment of the goals for the 1999 to 2006 RHND period as it did in the previous period. However, there will be no data to compare cities' performance until after the period is over (see Appendix D also for Emeryville's projected RHND performance through 2004).

Emeryville's performance relative to other cities reveals that the City took advantage of the powers and resources available through its redevelopment agency to meet its regional housing share. Both housing unit construction and loan programs to low and moderate-income families have created hundreds of affordable housing opportunities over our study period. For these reasons, Emeryville is recognized by some as a model for developing affordable housing.⁵⁵ However, Emeryville's affordable housing track record must be put in the context of the City's role as a regional job generator. In the next section, we assess whether the City's affordable housing production met the demand resulting from low-wage job creation in the city.

Measuring Increased Demand for Affordable Housing

In this section, we assess whether affordable housing production in Emeryville kept pace with low-wage job creation. We first discuss the need to make an explicit link between low-wage job creation and affordable housing creation, including the inability of ABAG's RHND method to assess this link in Emeryville. We then assess the affordable housing demand resulting from all new low-wage jobs in the city from 1990 to 2000. We end by assessing the affordable housing demand resulting from only the hotel and retail jobs facilitated by the City's redevelopment activities during the period 1994 to 2002.

Assessing The Jobs-Housing Creation Link

Amid the Bay Area housing crunch, development of any new, low-wage jobs can exacerbate the affordable housing crisis. In an already tight market, additional low-wage workers attracted to the area will not be able to find decent, affordable housing.

Over the past two decades, studies have documented that a jobs-housing imbalance is created when low-wage jobs are located in suburban areas but low-income families are priced out of the suburban housing market. This imbalance requires workers to travel greater distances on increasingly congested roads.

Non-suburban cities that are experiencing a growth in population and jobs but whose housing production is not keeping pace are also experiencing a worsening affordable housing crisis. This includes many of the urban core cities that have historically provided the bulk of the region's affordable housing. In these cases, working families bear overcrowded conditions or sacrifice other parts of the family budget to housing costs. In response, some cities have adopted policies to ensure

that job creation is closely linked to housing creation. For example, Oakland, Alameda, and Berkeley have adopted "linkage fees," which require developers to pay an affordable housing fee.⁵⁶ This mandate is based on an understanding that maintaining a stable workforce requires adequate workforce housing.

It is important to assess, then, whether Emeryville's creation of low-wage jobs has created a net demand for affordable housing. Although the City has performed better than other cities in the region on affordable housing production as measured by ABAG RHND goals, these goals themselves fall short of assessing the direct link between low-wage job creation and increased affordable housing demand.⁵⁷ When applied to Emeryville, a city with a very small population relative to its recent job creation, this model does not adequately assess the increased affordable housing demand.

Nor did the City assess the housing demand created by major redevelopment projects as part of the redevelopment process. In the Chiron EIR, the City of Emeryville responded to Berkeley's and Oakland's concerns that the EIR inadequately assessed the regional housing impact by stating, "Economic or social changes from a project are not significant environmental impacts within the meaning of CEQA ... [and] impacts on housing demand are social and economic effects."⁵⁸ While the Bay Street EIR did provide some affordable housing demand assessment, it essentially concluded that anywhere from 0% to 100% of the new low-wage workers could require new affordable housing units.⁵⁹ This assessment makes it difficult to set housing goals for the project. The IKEA EIR did not address housing demand at all.⁶⁰

The question remains, then, to what extent did Emeryville's low-wage job creation lead to subsequent affordable housing demand? To answer this question, we combine our estimates of jobs and wages from the previous section with a method used recently by the City of Oakland in developing a linkage fee policy.⁶¹ The method essentially projects the demand for very low, low, and moderate-income homes based on the wage levels of new jobs. (See the Methodology section for a full description.)

This method assumes that most of the jobs created by a project are net new jobs to the region and are not simply moving from one city to another within the region. We believe that this is a sound assumption over the period of our study for four reasons:

- 1) The East Bay experienced tremendous population and job growth over the period of 1990-2002, with both expanding by 19%.⁶² Each of the cities in the inner-East Bay region, with the exception of Berkeley, also grew.
- 2) Many of the new residents came from outside the East Bay. Migration from other areas of the U.S. and other countries accounted for 45% of the population growth.⁶³

- 3) Taxable sales in the East Bay grew overall by 20% from 1990 to 2002.⁶⁴ As most of the low-wage jobs created in Emeryville were in retail sales, this overall regional growth indicates that, regardless of any uneven distribution of taxable sales between cities, net new jobs in sales industries were created over the time period.

As a result of these factors, job creation outpaced housing construction by 4.2 to 1 during the boom years between 1994 and 2001, further exacerbating the regional housing crisis.⁶⁵ Nor are these factors unique to the East Bay. In assessing statewide development practices of local government, the authors of the City of Oakland's linkage fee study state, "There is currently little dispute that commercial development, that by increasing development, also increases the demand for housing for the added employees, and that market housing development, with no public assistance, will not provide enough additional housing for the additional lower-earning employees."⁶⁶

Our model for estimating affordable housing demand uses Alameda County's ratio of working adults to households (1.56) as derived from the 2000 Census. That is to say, for every 1.56 jobs created we project that one household is formed. This ratio is more conservative than the Bay Street EIR (1.1) and somewhat more conservative than the Oakland linkage fee study (1.4) on which our method is based.

Affordable Housing Demand From All Low-Wage Jobs

For our first assessment, we estimated the housing demand created by all new jobs for the period 1991 to 2000.⁶⁷ These job numbers and their corresponding wage levels come from our estimates in the previous section. For comparison, we use housing produced in Emeryville during the period 1991 to 2004, which includes historic as well as projected housing development.⁶⁸

We estimate that the 5,723 jobs created in Emeryville over this time period created the need for 3,665 units of housing, or one household for every 1.56 jobs (see table 2.7).⁶⁹ Of the total households, we estimate that about three-fourths will need affordable housing of some kind: 20% very-low income; 24% low-income; and 22% moderate-income. Only 34% are likely to afford a market rate unit based on income from their Emeryville jobs.

Housing built by developers or provided by the City from 1991 to 2004 fell considerably short of the need for affordable housing resulting from low-wage job creation (see Table 2.7). Private developers and the City only built 37% of the needed very-low income homes, 21% of the low-income homes and 26% of the moderate-income homes. The City exceeded above moderate-income housing needs.

Table 2.7: Emeryville Workforce Housing Construction (1991-2004) Falls Short of Development-Induced Housing Need (1991-2000), Based on All Jobs In Emeryville

	<i>Very Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Above Moderate</i>	<i>Total</i>
Units Produced	270	182	209	1,525	2,186
Households Created	729	874	805	1,256	3,665
<i>Percentage Produced</i>	37%	21%	26%	121%	60%

Source: City of Emeryville

Affordable Housing Demand From Redevelopment Projects

For our second assessment, we estimated the housing demand created by a specific set of new, low-wage Emeryville jobs created between 1994 and 2002. During this time period, the City helped facilitate development of five primarily low-wage retail and hotel projects. These projects included the East Baybridge Center, IKEA, the Woodfin Suites Hotel, the Marriott Courtyard Hotel and the Bay Street Retail Center. We then compare the resulting affordable housing demand to housing produced through 2004 starting from the year the first project was complete, 1994 (East Baybridge).⁷⁰

We estimated in the previous section of this report that the stores and hotels together employ 2,170 workers (see Table 2.3). We further estimate that these jobs resulted in a need for 1,339 new housing units in the region (see Table 2.8). Of these households, we estimated 41% as very low, 43% as low, 14% as moderate and 5% as above moderate-income.

When compared to this narrower set of low-wage jobs that were created with government assistance, the City also fell short in ensuring construction of affordable housing. Housing units produced by Emeryville could only provide homes for 40% of the very low-wage households supported by the retail and hotel workers. Only 22% of low-wage workers could expect to find new homes in the city. However, housing developers and the City produced ample moderate and market rate housing for moderate and above moderate-income households.

Table 2.8: Emeryville Workforce Housing Construction (1994-2004) Falls Short of Development-Induced Housing Need (1994-2002), Based on City Facilitated Projects

	<i>Very Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Above Moderate</i>	<i>Total</i>
Units Produced	218	126	187	1,343	1,874
Households Created	546	574	189	69	1,339
<i>Percentage Produced</i>	40%	22%	99%	1,946%	140%

Source: City of Emeryville

Conclusion

Emeryville's affordable housing track record seems contradictory. On the one hand, Emeryville stands out among other cities in the region for its affordable housing production performance. The City has demonstrated a willingness to facilitate development of affordable housing and has had unusually large resources to carry it out. On the other hand, the City did not produce sufficient housing to match demand created by its redevelopment efforts that attracted retail, hotel and other low-wage industries. The City did not even produce sufficient units to house the low-wage workers employed by the major City-facilitated redevelopment projects.

Should the City be responsible for providing the affordable housing resulting from low-wage jobs created by its redevelopment efforts? Given Emeryville's small residential population and a land area of 1.2 square miles, it does not seem reasonable to expect the town to accommodate all of the housing demand resulting from redevelopment efforts. However, creation of affordable housing on this scale is an expensive endeavor and surrounding cities may not have the revenues to pay for it. In the next section of this chapter, we assess the impact of Emeryville's redevelopment on surrounding cities' capacity to pay for affordable housing and other services need by low-wage workers and their families.

TAX REVENUE GENERATION

When Emeryville's daytime population of over 30,000 drops to only 7,300 at night, the workers exiting the city are returning to homes throughout the region. As we found in the previous section, a large portion of this group are low-wage workers that need affordable housing. In this section, we assess if the City's revenue gains from redevelopment have come at the expense of cities that house Emeryville workers. We first calculate changes in City of Emeryville revenues from 1990 to 2001 to assess if the City earned a net financial gain from its redevelopment activities. We then assess if the City captured a disproportionate share of retail sales tax revenue, which represents an important source of discretionary revenues for any city in the region. We conclude by connecting these revenue outcomes to Emeryville's shifting of affordable housing provision to other cities.

Redevelopment Dramatically Boosts Emeryville Revenue

By all accounts, Emeryville's efforts to build a strong revenue base through redevelopment have succeeded. Factory closures throughout the 1980s and early 1990s raised concern among Emeryville officials over a decade ago that city revenues would not continue to meet budget needs. As a result, revenue generation became a top redevelopment goal for the City.⁷¹ A revision of the City's General Plan in 1993 reflected this new priority - the City's revenue goal was reworded from "improve the tax base" to "encourage new economic activity with high tax generation potential."⁷² Now, after over a decade of redevelopment activities and economic growth, Emeryville's revenue base is one of the strongest in the Bay Area.

From 1990 to 2002, all of the City's business-based revenues grew at a startling pace. The City's general revenues, the most important discretionary source of revenue for any government, grew by two-thirds (63%) after accounting for inflation (see Table 2.9).⁷³ Sales tax, the general fund's largest single revenue source, grew by 51%. This growth is largely due to development of the East Baybridge retail center (1994) and IKEA (2000).⁷⁴ Redevelopment increased other revenues as well; business license (75%), license and permits (1,395%), utility (41%), and transient lodging (153%) taxes all showed strong growth rates. Other revenues also grew by a healthy 33%. Because nearly all (95%) of Emeryville's land is under ERA jurisdiction, general fund property tax revenue fell by 35% in real terms. Property tax growth, collected as tax increment, is reflected instead in the 43% growth of ERA revenues.

Table 2.9: Emeryville Receives Revenue Windfall From Redevelopment

Source	Revenue (2002 Dollars, In Millions)			Percentage Change
	1989-90	2001-02	Increase	
Sales Tax	4.6	6.9	2.3	51%
Business License	2.6	4.5	1.9	75%
License and Permits	0.1	2.2	2.1	1395%
Utility Tax	1.5	2.2	0.6	41%
Transient Lodging (Hotel)	1.0	2.5	1.5	153%
Property Tax	1.5	1.0	-0.5	-35%
Other Revenues	2.7	3.6	0.9	33%
<i>Total General Revenues</i>	14.1	22.9	8.9	63%
<i>Emeryville Redevelopment Agency</i>	14.1	20.2	6.1	43%

Source: City of Emeryville, California Department of Finance

In comparison to other cities in the region, Emeryville's discretionary revenues are very strong.⁷⁵ In 1999, Emeryville ranked highest in the East Bay and second highest in the Bay Area in general revenue per resident.⁷⁶ Emeryville generated \$1,995 dollars in general revenue per resident compared to Bay Area average of \$575 and an East Bay average of \$478. In a ranking of sales tax revenues, Emeryville also ranked number one in the East Bay and number two in the Bay Area.⁷⁷ Emeryville generated \$683 dollars in sales tax revenue per resident compared to a Bay Area average of \$205 and an East Bay average of \$141.

Although some of the revenue increase has been required to pay for public services to the new businesses, the City has most likely made much more than it has spent. First, the City's redevelopment agency has at its disposal all of the tax increment generated from all new economic development in Emeryville. In the absence of redevelopment areas, eighty percent of the tax increment revenues would go to other local governments such as the Emery Unified School District, Alameda County and the East Bay Regional Parks District. While the City cannot

spend redevelopment revenues on public services, the City can spend it on infrastructure such as roads, parks and public facilities. In turn, this can create a savings for the City's General Fund to be used on other public services.

Second, the City earns a net return on major retail projects. The City estimated during the planning process that the East Baybridge retail center would create \$1.68 million in annual revenues from all tax and license revenues.⁷⁸ In turn, the City would spend an estimated \$770,000 annually to pay for services to both the retail and residential (Bridgecourt) components of the project. This would leave about \$900,000, or 54%, in net revenues for the City. Bay Street, where there will be both retail and, eventually, residential costs for annual services, will likely realize a similar net gain for the City. The net gain for IKEA, where there is no residential component, may be as high as 80%.⁷⁹

Regional Revenue/Housing Imbalance

Emeryville's unusually low proportion of residents to jobs, and especially new residents to new jobs, raises the question whether Emeryville's revenue gains came at the expense of other cities in the region. Most of the redevelopment over the last 13 years, including retail, serves the broader region or draws from a regional workforce. While other cities surely benefit from Emeryville's contribution to overall regional employment, they also have to provide services to those workers from their own revenue sources. In particular, cities rarely have sufficient resources to provide needed services to low-income residents, which includes a large part of the region's low-wage workforce. These services include affordable housing, employment services, public safety and public health clinics. In other words, low-wage workers return home from Emeryville to cities but leave behind all the revenues generated by their employment.

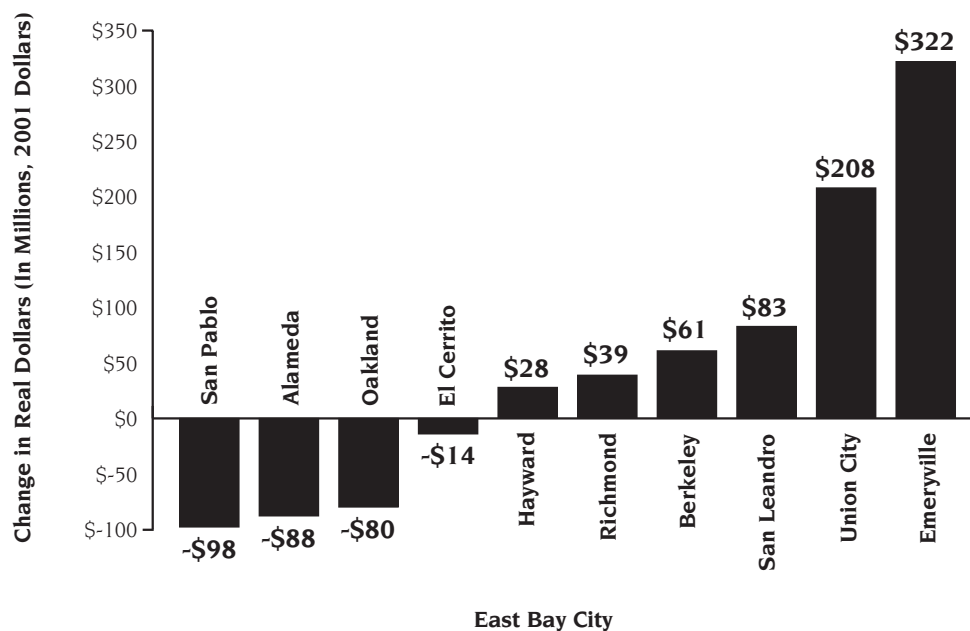
Emeryville's imbalance of revenues is especially acute for retail sales tax, one of the few sources of revenue that cities can spend without restrictions. Proposition 13 severely limited city governments in raising local revenues for discretionary purposes. As a result, property tax had reduced in importance from 50% of all city revenues in 1978 to 38% in 1995.⁸⁰ Furthermore, Proposition 13 has resulted in governments having less control over revenues - in 1978, government had discretion over 49% of revenues, in 1995 it had dropped to 44%.⁸¹ As a result, local governments have sought a combination of new taxes and other revenues to meet their budget needs. Although sales tax actually decreased slightly in overall importance, it has become a prized revenue source for local governments to pursue due to its potential size and discretionary nature.⁸²

The importance of sales tax revenue to local governments can be illustrated in a Proposition 13 consequence called the "fiscalization of land use." In California, city governments receive 1% out of the State's 7.25% sales tax, based on the amount of sales in their jurisdictions. In order to attract sales tax generating businesses, cities give a higher priority to retail over other land uses. A recent survey by the Public Policy Institute of California revealed that city managers are highly

motivated by sales tax when making development decisions. "Sales tax revenue also outranks job creation, service delivery and infrastructure considerations as a motivation in both development and redevelopment decisions. New sales tax revenues outranks even the main professed goal of redevelopment law - the eradication of blight."⁸³ This creates two problems. First, because a region can only support a certain amount of retail based on population and income, incentives are spent to essentially shift retail from other parts of the region. Second, it makes other land uses, such as light industrial or housing, more difficult even though these land uses might benefit the region more than retail. Even in light of these broader public policy problems, cities continue to see sales tax as necessary for their budgets.

Retail redevelopment in Emeryville has resulted in a disproportionate shift of sales tax revenue from other cities. New retail activity in the City of Emeryville from 1990 to 2002 generated more new sales than any other East Bay city in the I-80/I-880 corridor, from Union City to the south to San Pablo in the north. These cities represent a diverse consumer trade area made up of a continuous fabric of medium-density, suburban communities and dense, urban neighborhoods (see Figure 2.2) along the Bay. Within this trade area, Emeryville gained \$322 million in retail sales, adjusted for inflation, out of a net regional gain of \$462 million.⁸⁴ The next highest gains were in Union City (\$208 million) and San Leandro (\$83 million), both cities that have also aggressively pursued retail development. However, their populations are ten times the size of Emeryville. Three other cities, Hayward, Richmond and Berkeley, also made modest gains. The uneven gains among cities, especially Emeryville's dramatic increase, indicates that there was significant imbalance in the distribution of net new retail activity in the region.

Figure 2.2: Change in Real Retail Sales, 1990-2001 (In Millions)



Net loss in retail sales for some cities provides further evidence of redistribution. Four cities, Oakland, San Pablo, Alameda and El Cerrito, all declined in retail sales in contrast to the six cities that gained (see Figure 2.2). The decline experienced in the four cities amounted to \$279 million. A recent study commissioned by the City of Oakland suggests that the cities of Oakland and Alameda lose consumer spending by their own residents, called "leakage," primarily to Emeryville and San Leandro.⁸⁵ This overall redistribution and Emeryville's dramatic gains together suggests that Emeryville's redevelopment efforts were likely to have attracted retail development that might otherwise have located in other cities in the region.

One of the largest losers in the retail sales redistribution appears to be Oakland. However, the retail sales figures disguise the fact that Oakland shares retail sales with Emeryville for two of the three new retail redevelopment projects, East Baybridge and IKEA. In both cases, the project sites are split across the Oakland and Emeryville border, with roughly 40% in Oakland. To simplify jurisdictional conflict over tax revenue generated from the projects, the two cities have agreed that Oakland will receive 40% of the sales tax.⁸⁶ However, for the purposes retail sales accounting by the State, all of the stores are all officially in Emeryville. If split out, Oakland's share of retail sales in 2001 would be approximately \$43 million for the East Baybridge Retail Center and \$64 million for IKEA.⁸⁷

Despite the fact that Oakland was lucky enough to share project sites with Emeryville, Oakland appears to still suffer from sales leakage to Emeryville and other cities. From 1990 to 2001, Oakland sales tax revenue declined from \$39 to \$35 million in inflation adjusted dollars, a drop of 10%.⁸⁸ Furthermore, Oakland's recent retail study suggests that newly opened Bay Street will hurt Oakland's chances for attracting retail to its downtown area.⁸⁹ The City will lose an opportunity for \$60 million a year in sales out of a projected \$382 million that the study's authors believe can be attracted.

Table 2.10: City of Residence for Emeryville Retail and Hotel Workers

<i>City</i>	<i>% of Workforce</i>	<i>City</i>	<i>% of Workforce</i>
Emeryville	9.2%		
<i>Immediate Neighbors</i>		<i>Near Neighbors, continued</i>	
Berkeley	6.3%	Piedmont	0.8%
Oakland	50.7%	Richmond	5.5%
<i>subtotal</i>	57.0%	San Pablo	3.3%
		San Leandro	2.4%
<i>Near Neighbors</i>		Castro Valley	0.5%
Alameda	3.2%	<i>subtotal</i>	18.5%
Albany	0.9%		
El Cerrito	1.2%	<i>More than 15 Miles Away</i>	15.3%
Hayward	0.7%	<i>Total</i>	100.0%

Source: Authors' Worker Survey

Cities that either lost or gained marginal retail sales from 1990 to 2001 also house part of Emeryville's low-wage workforce. Table 2.10 shows the cities of residence of retail and hotel workers surveyed for this report. Oakland and Berkeley house 57% of all the workers. Revenue losers Alameda, San Pablo and El Cerrito house together 7% of the workforce. Moderate sales gainers Richmond and Hayward together house another 6%.

Conclusion

Emeryville's redevelopment has resulted in a net revenue gain for the City while leaving other cities the burden of providing affordable housing and public services. Like many cities in California, Emeryville has responded to structural problems in local government finance by prioritizing land use and public resources for retail development in order to generate sales tax. This has resulted in creation of thousands of low-wage jobs and millions in revenues for the City. While the structural problems with local government finance is beyond any city's capacity to change, Emeryville's redevelopment has created a revenue-housing imbalance in the region.

CONCLUSIONS

As described in the preceding chapter, the East Bay region faced significant crises of economic opportunity and affordable housing availability. Given that the City of Emeryville helped attract thousands of jobs that created family hardship and increased affordable housing demand, we find that the City did not help mitigate these crises and may have made them worse. Emeryville's pursuit of retail sales tax revenue further exacerbated the problem by drawing revenues away from other cities that need provide affordable housing and other public services to much of Emeryville's workforce.

No single local government can be held exclusively responsible for regional problems such as growing inequality and working poverty. However, local governments such as Emeryville have been granted the ability to use public resources to attract capital investment and jobs with the express purpose of alleviating the problems facing economically distressed communities. Due to the attractiveness of Emeryville's location and land and the City's significant powers and resources to facilitate development, the City was in a unique position to help mitigate these crises. Emeryville had an opportunity to exert considerable influence over the creation of thousands of new jobs, which, in turn, could either improve regional conditions or make them worse. Similarly, the City was in a position to strike more of a balance between creation of new jobs and creation of affordable housing for these new workers.

In the next chapter, we will move from examining redevelopment outcomes throughout the East Bay region to examining outcomes for the residents of Emeryville.

ENDNOTES: CHAPTER II

¹ Greenwich Howard and Christopher Niedt, *Decade of Divide: Working, Wages and Inequality in the East Bay*, East Bay Alliance for a Sustainable Economy, September 2001.

² Ibid.

³ Carroll, David and Jean Ross, *Boom, Bust and Beyond: The State of Working California*, California Budget Project, January 2003.

⁴ Authors' analysis of 2000 census, SF3.

⁵ State of California, Legislative Analysts Office, *California's Changing Income Distribution*, August 2000.

⁶ Greenwich Howard and Christopher Niedt, *Decade of Divide: Working, Wages and Inequality in the East Bay*, East Bay Alliance for a Sustainable Economy, September 2001.

⁷ City of Emeryville, *Emeryville General Plan*, 1987.

⁸ Ibid, pg III-33.

⁹ Ibid. This was based on job projections by the Association of Bay Area Governments, July 1985.

¹⁰ Authors' analysis using California EDD data. The Emeryville zip code was the smallest geographic unit available for EDD data. The zip code includes approximately 2,000 jobs in Oakland, which are in primarily light manufacturing, auto repair and small-scale retail. See methodology for a more detailed discussion.

¹¹ We believe that nearly all the 5,500 new jobs were located in the Emeryville zip code. A windshield survey of industrial and commercial areas of Oakland in the Emeryville zip code revealed evidence of decline and little new economic growth, with the exception of an Extended Stay Hotel and Best Buy store built after our period of study. Also, the City estimated that there were 19,300 jobs in Emeryville in 2000 and 14,390 in 1990, a difference of 4,910 (source: City of Emeryville, *Housing Element of the Emeryville General Plan*, Oct. 2001).

¹² State of California, Employment Development Department, *Oakland MSA Industry Employment & Labor Force - by Annual Average March 2002 Benchmark*, updated 3/2/4/2003 <www.edd.calmis.gov>, accessed April 10, 2003.

¹³ For our analysis by industry and the following analysis by occupation, we use the period 1991 to 2000 instead of 1991 to 2001. Although job estimates by industry for the Emeryville zip code are available from the California EDD through 2001, data starting in 2001 are not backwards compatible. EDD changed its industrial classification system in 2001 from the Standard Industrial Classification (SIC) to North American Industrial Classification System (NAICS). However, we believe that the majority of the jobs created after 2000 fit the same pattern we find from the years 1991 to 2000 - office space and retail - and thus our general findings hold since then. See the methodology section for a full discussion of the EDD data.

¹⁴ Square footage and job estimates come mostly from Dayrit, Ignacio, *City's Final Report: Brownfields Demystified*, City of Emeryville, 2001. The square footage for Watergate Tower IV was found at <www.equityoffice.com/properties_space/building.aspx>, accessed March 3, 2003. The jobs were estimated using a "job calculator" for various land uses developed by David Paul Rosen & Associates, found in City of Oakland, *Commercial Development Linkage Fee Analysis*, September 13, 2001.

¹⁵ Interview with Jay Grover.

¹⁶ Interview with Chuck Pacioni and personal communication with Dee Davies, General Manager, Woodfin Suite Hotel, February 23, 2003.

¹⁷ For a brief description of the City's involvement in most of these projects, see Dayrit, Ignacio, *Brownfields Demystified*, City of Emeryville, 2001. For these projects, we used the City's estimates of the jobs created.

¹⁸ Alternative measures developed by one group of social scientists working with the Bureau of the Census estimated the poverty rate to be 15% rather than 11.8% in 1999. Source: Mishel, Lawrence, Jared Bernstein and John Schmitt, *The State of Working America 2002/2003*, Economic Policy Institute, Cornell University Press, Ithaca, NY 2001.

¹⁹ 200% of the poverty threshold also corresponds closely with the US Department of Housing and Urban Development's "very-low income" housing affordability standard for the East Bay. For a full discussion of

hardship thresholds in California, see Carroll, David and Jean Ross, Boom, Bust and Beyond: The State of Working California, California Budget Project, Jan 2003.

²⁰ California Budget Project, Making Ends Meet: How Much Does It Cost to Raise a Family in California?, September 2001.

²¹ For the hardship threshold analysis, we use our employment estimates from the previous section, based on EDD data. For a full description of our analysis, see Methodology.

²² See methodology for discussion of job estimates for each project.

²³ The Bay Street developer estimated 1,000 to 1,500 jobs for the final project, but we use the lower estimate. Source: personal communication with Eric Hohmann, Vice President of Development, Madison Marquette Development Corporation, January 13, 2003.

²⁴ Kaiser Family Foundation and Health Research and Educational Trust, California Employer Health Benefits Survey, March 2001, Chart # 18.

²⁵ Kaiser Family Foundation and Health Research and Educational Trust, California Employer Health Benefits Survey, March 2001, Chart #3; Brown, Richard, Ninez Ponce, Thomas Rice, and Shana Alex Lavarreda, The State of Health Insurance in California: Findings From the 2001 California Health Interview Survey, UCLA Center for Health Policy Research, June 2002; and Medoff, James, Howard Shapiro, Michael Calbrese and Andrew Harless, How the New Labor Market is Squeezing Workforce Health Benefits, Center for National Policy, June 2001.

²⁶ HUD defines very low-income as below 50% of area median household income. The area in this case is the Oakland PMSA, or Alameda and Contra Costa Counties.

²⁷ Riches, Erin, Locked Out: California's Affordable Housing Crisis, California Budget Project, May 2000.

²⁸ Albert, Marc, "Housing Prices Keep Rising," Alameda Times-Star, February 14, 2003.

²⁹ California Association of Realtors, <www.car.org>, accessed April 10, 2003. CAR's analysis includes all existing and new condominiums, town homes and detached houses.

³⁰ California Association of Realtors, "California's Housing Affordability Index at 30 percent in February, C.A.R. Reports," (Press Release), April 10, 2003, <www.car.org>, accessed April 10, 2003. CAR calculates the Housing Affordability Index assuming a typical 30-year, fixed rate mortgage at current interest rates (5.93%) and a 20% down payment.

³¹ Greenwich, Howard and Christopher Niedt, Decade of Divide: Working Wages and Inequality in the East Bay, East Bay Alliance for a Sustainable Economy, September 2001.

³² HUD considers a family paying more than 30% of their total income on rent to be rent burdened. Source: Riches, Erin, Locked Out 2002: California's Affordable Housing Crisis Continues, California Budget Project, October 2002.

³³ National Low-Income Housing Coalition, "Least Affordable Counties," Rental Housing for America's Poor Families: Farther Out of Reach Than Ever, 2002, <www.nlihc.org/or2002/table3.htm>.

³⁴ Riches, Erin, Locked Out 2002: California's Affordable Housing Crisis Continues, California Budget Project, October 2002.

³⁵ See Appendix D for a list of projects and data sources.

³⁶ The total investment figure is based on construction permits issued by the City. Source: City of Emeryville, Finance Department, City of Emeryville Comprehensive Annual Financial Report (CAFR), Years Ended 1997 and 2002.

³⁷ The calculation for total housing expenditures from 1990 to 2001 includes two sources: 1) annual tax increment revenues and 2) bond proceeds. We estimate the total dollars spent over the time period by adding together the bond proceeds (\$21.5 million) and net tax increment (\$18.9 million), then subtracting out the debt service towards the bonds (\$10.7 million) and, finally, subtracting the ending balance of funds in 2001 (\$2 million). We estimated the debt service by simply assuming that it would approximate 20% of ERA's total debt service for each year during the time period. We did not adjust any of the estimates for inflation. The following sources were used for these estimates. Tax increment: California State Controller's Office, Community Redevelopment Agencies Annual Report, years 1991 through 2001. Bond proceeds: California State Controller's Office, years ended 1991 and 1995 for the housing bond issues and Emeryville Redevelopment Agency, Five-Year Implementation Plan, Cover Period January 2000 Through

December 2004, Mid-Cycle Amendment, June 2002 for the proceeds of the 1998 bond issue. Unexpended funds: Finance Department, City of Emeryville CAFR, Year Ended 2001.

³⁸ Affordable housing categories are based on U.S. Department of H.U.D. thresholds for Federal housing programs. Our figures are for the Oakland PMSA. Moderate-income is generally 80% to 120% of area median income - the upper threshold for a family of four was \$85,920 in 2001. Low-income is generally 50% to 80% of area median income - the upper threshold was \$53,850 for 2001. Very-low-income is generally below 50% of area median income - the upper threshold was \$35,800 for 2001.

³⁹ City of Emeryville, First Time Homebuyers Program, 2001, <www.ci.emeryville.ca.us/admin/housing-first-time.html>.

⁴⁰ City of Emeryville, Housing Element of the Emeryville General Plan, October 2001.

⁴¹ This program does not create new units of housing. Instead, it deepens the affordability of units already set aside for moderate-income households (see Set Aside Ordinance below) in buildings with 30 or more total units of housing. Source: City of Emeryville, Emeryville Redevelopment Agency, Five Year Implementation Plan Covering the Period January 2000 Through 20004, Mid-Cycle Amendment, June 2002.

⁴² Ibid.

⁴³ Developers who commit to making the units affordable to very-low income families can also satisfy the policy with a smaller proportion of affordable units, such as 15%.

⁴⁴ Under section 33413(b)(2) of the State Health and Safety Code, redevelopment agencies must ensure that 15% of all non-agency constructed or rehabilitated housing in all redevelopment areas be affordable to low- and moderate-income households on a five-year cycle basis. Six percent (6%) out of the 15% must be made available to very low-income households.

⁴⁵ Greenbelt Alliance and the Non-Profit Housing Association of Northern California, San Francisco Bay Area Housing Crisis Report Card, June 2002.

⁴⁶ City of Emeryville, Emeryville Redevelopment Agency, Five Year Implementation Plan Covering the Period January 2000 Through 20004, Mid-Cycle Amendment, June 2002.

⁴⁷ Interview with Nora Davis and Patrick O'Keeffe.

⁴⁸ City of Emeryville, Emeryville Redevelopment Agency Component Unit Financial Statements for the Year Ended June 30, 2002.

⁴⁹ The City has issued an additional \$66 million Multifamily Housing Revenue Bond to finance future construction of residential portion of the Bay Street project. Source: *ibid*.

⁵⁰ California Government Code, §65585-8.

⁵¹ The original period for compliance was 1988 to 1995, but ABAG granted an extension through 1998. The City published the RHND goals for the period 1988 to 1995 in the 1992 Housing Element. In the 2001 Housing Element, the City assessed historic performance on the same RHND goals under the period of 1990 to 1998.

⁵² City of Emeryville, 2001 Housing Element of the General Plan, Oct 2001.

⁵³ The number of demolitions indicated under categories of affordability do not add up to 35. This error originates from the City's 2001 Housing Element.

⁵⁴ Compliance data was available for only 40 Bay Area cities and counties. The Bay Area average in Table 2.7 represents only these 40 governments. Source: Greenbelt Alliance and the Non-Profit Housing Association of Northern California, San Francisco Bay Area Housing Crisis Report Card, June 2002. <www.nonprohous.org/about/pressroom/releases/posted/housingcrisis_reportcard.pdf>, accessed March 14, 2003.

⁵⁵ State of California, Little Hoover Commission, Rebuilding the Dream: Solving California's Housing Crisis, May 2002.

⁵⁶ Sources: City of Oakland, Commercial Development Linkage Fee Analysis, September 13, 2001; and Burt, Cecily, "Council Votes in Plan to Boost Low Cost Housing," Oakland Tribune, 27 June 2002.

⁵⁷ In the prior ABAG RHND period 1988 to 1998, ABAG did not factor job growth into Emeryville's affordable housing goals, although ABAG did this for some larger cities in the region (source: Association of Bay

Area Governments, San Francisco Bay Area Housing Needs Determinations, Oakland, Sept 1988). ABAG's most recent RHND does estimate a jurisdiction's fair share housing by weighing job and population growth equally. ABAG uses the following formula to determine total housing production: $((\text{Share of regional job growth}) \times .05 + (\text{share of regional population growth}) \times .05) \times \text{the total regional housing need}$. To determine fair share of affordable housing, ABAG calculates an average of a jurisdiction's current proportion of very low, low and moderate-income households and the proportion for the entire Bay Area and then applies the averaged proportions to the total housing need from the first formula. Source: Association of Bay Area Governments, ABAG Regional Housing Distribution Model, 1999-2006 RHND Allocation Period, March, 2001 <www.abag.ca.gov/cgi-bin/rhnd_meth.pl>.

⁵⁸ City of Emeryville, Chiron Development Plan EIR: Responses to Comments on and Changes to the Draft EIR, June 1995, pg III.1.

⁵⁹ The consultant, Public Affairs Management, estimated that 278 low-income paying jobs would be created, resulting in an affordable housing demand of 0 to 247. Source: City of Emeryville, South Bayfront Draft Environmental Impact Report, Oct 1998.

⁶⁰ City of Emeryville, IKEA Retail Store Draft Environmental Impact Report, May 1998.

⁶¹ State law requires a study be produced before adoption of linkage fee policies. Many local government have hired consultants to develop their own methods for estimating the affordable housing demand linked to commercial and industrial development projects. The method used by the Oakland study can be found in David Paul Rosen & Associates, Commercial Development Linkage Fee Analysis, submitted to City of Oakland, September 13, 2001.

⁶² Population sources: State of California, Department of Finance, UPDATED Revised Historical County Population Estimates and Components of Change, July 1, 1990-1999, January 2003 and State of California, Department of Finance, County Population Estimates and Detailed Components of Change, July 1, 2000-2002, with Historical 1999 Estimates and Census 2000 Counts, January 2003. Employment source: State of California, Employment Development Department, Oakland PMSA Annual Average Industry Employment, March 24, 2003 <www.calmis.ca.gov/htmlfile/msa/oakland.htm>, accessed April 10, 2003.

⁶³ State of California, Department of Finance, UPDATED Revised Historical County Population Estimates and Components of Change, July 1, 1990-1999, January 2003 and State of California, Department of Finance, County Population Estimates and Detailed Components of Change, July 1, 2000-2002, with Historical 1999 Estimates and Census 2000 Counts, January 2003.

⁶⁴ California State Board of Equalization, Taxable Sales in California (Sales & Use Tax) During 1990, Sacramento, 1991; and Taxable Sales in California (Sales & Use Tax) During 2002, Sacramento, 2003.

⁶⁵ Riches, Erin, Locked Out 2002: California's Affordable Housing Crisis Continues, California Budget Project, October 2002.

⁶⁶ City of Oakland, Commercial Development Linkage Fee Analysis, September 13, 2001.

⁶⁷ See the Methodology for an explanation of the 1991-2000 job data limitation. Over a thousand low-wage jobs from two hotels and Bay Street are not included in these numbers, as they opened after 2000.

⁶⁸ Although the City has projected housing production up to 2006, specific housing projects projected for completion between 2004 to 2006 were too uncertain for inclusion in this study.

⁶⁹ We use here the 5,723 job estimate from our analysis of industrial job growth in the Emeryville zip code. Part of this zip code lies in Oakland with an estimated 2,000 jobs in the year 2000. Due to the lack of new development in the Oakland part of the zip code, we assume that all of the new job growth occurred in Emeryville for this housing analysis.

⁷⁰ By choosing 1994 as the start date, we drop 52 units of low and 56 units of very low-income units from the analysis of 1991-2004 housing production. These units are almost all from the Emery Bay Club and Apartments built in 1993 with a City-sponsored Multi-Family Housing Revenue Bond. This housing complex represented the first large-scale affordable housing project facilitated by the City after development of two shopping complexes and a hotel in the late 1980s. We decided to assign the complex to this previous period for the purpose of matching creation of low-wage jobs with affordable housing production.

⁷¹ Interviews with Nora Davis and Patrick O'Keeffe, Ignacio Dayrit, and Ron Gerber.

⁷² City of Emeryville, Emeryville General Plan 1993, March 1993, pg 13.

⁷³ We inflated 1990 revenues to 2002 dollars using the San Francisco Area CPI - Urban. General fund rev-

enue figures exclude intergovernmental transfers, such as funds transferred from ERA. Source: For 1990, State of California, Office of the Controller, Cities Annual Report, Sacramento, Fiscal Year 1990-1991. For 2002, City of Emeryville, Department of Finance, CAFR For Year Ending 2001-2002.

⁷⁴ Bay Street revenues won't be fully realized until FY 2003-2004.

⁷⁵ To compare between cities, we use a standard per resident measurement. Emeryville's City finance staff caution interpretation of this kind of comparison, as Emeryville serves a much larger daytime population of non-residents, including shoppers and workers. However, as no official estimate of the daytime population is available, we rely on the per resident standard. Source: personal communication with Karen Reid, Mar 13, 2003.

⁷⁶ Colma ranked number one with a staggering \$8,406 per resident in general revenue in 1999. Note that 1999 recent revenue figures are the most recent available for region-wide comparisons. Source: revenue data for all California cities received from the California Office of the Controller, Mar 4, 2003. This data is published individually for each city in the Controller's Cities Annual Report, Fiscal Year 1998-1999.

⁷⁷ Once again, Colma took the number one spot with \$6,043 per person. Note that 1999 sales tax figures do not include IKEA or Bay Street. In 2002, the per resident sales tax was \$943 per person. Source: revenue data for all California cities received from the California Office of the Controller, Mar 4, 2003.

⁷⁸ City of Emeryville, East Baybridge Project Final EIR Mitigation and Monitoring Program, August 2, 1992.

⁷⁹ The Final EIR for East Baybridge estimated that without the residential component of the project, the City would net 80% in revenues.

⁸⁰ Shires, Michael A., John Ellwood, and Mary Sprague, Has Proposition 13 Delivered? The Changing Tax Burden in California, Public Policy Institute of California, September 1998.

⁸¹ Ibid.

⁸² Lewis, Paul G. and Elisa Barbour, California Cities and the Local Sales Tax, Public Policy Institute of California, 1999.

⁸³ Ibid.

⁸⁴ All retail sales data following is from California State Board of Equalization, Taxable Sales in California (Sales & Use Tax) During 2001, 2002.

⁸⁵ Hausrath Economic Group, Downtown Oakland Retail Market Assessment, Prepared for the City of Oakland Community and Economic Development Agency, March 2001.

⁸⁶ Cities of Emeryville and Oakland, Joint Revenue Sharing Agreement, July 1, 1994; and City of Emeryville, (cover page missing) IKEA Participation Agreement, December 15, 1998.

⁸⁷ Sales tax revenue data for the East Baybridge retail center, received from Karen Reid, March 27, 2002, and personal communications with Ted Live, City of Oakland, Office of the Treasurer, March 2003.

⁸⁸ For 1990, State of California, Office of the Controller, Cities Annual Report, Sacramento, Fiscal Year 1990-1991. For 2001, City of Oakland, Comprehensive Annual Financial Report, Fiscal Year Ending 2000-2001.

⁸⁹ Hausrath Economic Group, Downtown Oakland Retail Market Assessment, Prepared for the City of Oakland Community and Economic Development Agency, March 2001.

CHAPTER III: OUTCOMES FOR THE COMMUNITY

SUMMARY

While the construction of new streets and sidewalks, the demolition of rusting factories, and the development of new shopping opportunities have enhanced the quality of life throughout the city, redevelopment has not adequately addressed the most urgent needs of Emeryville's low-income residents.

In this chapter, we assess the impact of Emeryville's redevelopment on the community. A before-and-after comparison of key community conditions shows that the promise of Emeryville's renaissance has fallen short for its low-income residents and the residents of its older neighborhoods. In summary:

- Low-income people of color were displaced from one of the city's three main neighborhoods as housing costs rose. Residents of another neighborhood experienced increased poverty and family hardship over the course of the decade.
- The City did not provide adequate employment services to help low-income residents access growing economic opportunity in Emeryville.
- The City's redevelopment efforts have greatly improved residents' access to locally serving retail, such as a grocery store and a drugstore. However, the community vision of the 1987 General Plan—small-scale retail along main streets—was foreclosed by the development of chain and big box stores.
- Traffic congestion has increased significantly in Emeryville. Though the City has built several new roads and carried out extensive capital improvements to the existing circulation system, these efforts have only partially mitigated the high volume of traffic that has come with redevelopment. Transit service for residents has improved as new bus routes were added to serve an influx of commuters and workers from surrounding cities. However, most shoppers drive to Emeryville, leading to heavy congestion on the weekends that inconveniences both auto and bus users.
- The City failed to provide adequate park and recreation space to eastern Emeryville, the area of the city that is home to most of Emeryville's low-income residents. Current plans for new parks may partially address this deficit.
- Over the decade, Emeryville's proportion of families with children fell, in contrast to an increase in Alameda County. This trend began in the 1980s with the construction of over 1,000 primarily single-bedroom units. The City continued to contribute to this decline in the 1990s by, again, building a disproportionate number of studios and one-bedroom units. The multi-bedroom units it did help build are in large apartment complexes that do not attract families.

- Environmental conditions at the beginning of the decade included toxic industrial sites and air pollution from industrial activities. The City has facilitated the remediation of hundreds of acres of brownfields, resulting in a decreased likelihood that residents will be exposed to toxics. In regard to air quality, pollution from heavy truck traffic has decreased with the departure of industry. However, the dramatic increase in automobile traffic that accompanied redevelopment has led to a corresponding increase in vehicular emissions.
- While the City enjoyed tremendous growth in revenues due to redevelopment over the last 12 years, the Emeryville School District did not benefit from the City's new wealth. By the end of the 1990s, falling enrollment and mismanagement of the district budget led to a funding crisis. Although it may have been difficult to predict the crisis a decade ago, the City Council and the Redevelopment Agency could have played a more proactive role in ensuring that the schools were fiscally stable.

Several of these outcomes stand in contrast to the City's overall generation of new wealth, both in private investment and in City revenues. We conclude that more deliberate attention to these needs in the development agreements between the City and private developers may have resulted in a stronger improvement of community conditions.

INTRODUCTION

Between 1990 and 2000, the City invested a striking amount of public resources in Emeryville's redevelopment. In Chapter 1, we found that the City, through its Redevelopment Agency (ERA), spent two out of every five dollars on redevelopment activities. These expenditures diverted tens of millions of dollars from the City's own General Fund and from other taxing entities, such as Alameda County and the East Bay Regional Parks District. The City also made substantial exceptions to its General Plan to accommodate the demands of developers. All told, the City has staked tremendous resources on the promise of redevelopment.

All residents stood to gain from the transformation of the decaying industrial town into a contemporary, livable city. Crumbling streets, abandoned lots, and shuttered factories detracted from the community's well being. The promise of redevelopment was especially important to Emeryville's low-income families. As the City began to engage actively in redevelopment at the beginning of the 1990s, the residents of Emeryville's older neighborhoods, the Triangle and North End, shared problems of poverty and chronic unemployment with surrounding Oakland and Berkeley neighborhoods. For these residents, redevelopment held both great promise and also great risk: the city's transformation could bring new economic opportunity and services for families, but it could also lead to displacement and the creation of poverty-wage jobs.

In this chapter, we assess the impact of redevelopment on the Emeryville community. We ask the questions: *Have the residents of Emeryville actually benefited from Emeryville's transformation? Have residents received a return from the tremendous investment of resources in redevelopment? Is the City a better place to live for all residents?*

In Chapter 1, we accounted for some of the tremendous revenues generated by redevelopment. In general, all residents have benefited from increased expenditures on infrastructure, public facilities, and public services such as police and fire.¹ Among other projects, the City has improved sidewalks and medians, planted over 1,000 trees, and upgraded the sewer system and other public utilities. The City has also increased funding for the operation of the city's senior-center, child-care center, and recreation programs.² The City is also planning to spend new revenues on the creation of more community amenities, such as a north-south bike-way through the city, public parking facilities, and a recreation complex.

Despite these benefits, increases in public expenditures, do not, in themselves, reflect the full impacts of redevelopment on what we consider to be key indicators of community well being. In order to understand these impacts we must also understand the conditions facing Emeryville residents as redevelopment gathered momentum in the early 1990s.

In addition, an evaluation of redevelopment should pay special attention to the needs of the City's low-income residents. According to California Redevelopment Law, a City's use of redevelopment agency powers and resources should be for the purpose of improving both the physical conditions of the land and the social conditions of the community. The law states that:

The Legislature further finds and declares that a fundamental purpose of redevelopment is to expand the supply of low- and moderate-income housing, to expand employment opportunities for jobless, underemployed, and low-income persons and to provide an environment for the social, economic and psychological growth and well-being for all citizens (CA Health and Safety Code, Section 33071).

In order to assess the outcomes of redevelopment with these considerations in mind, we use a Community Impact Report (CIR) framework (see introduction for explanation) as the basis of our analysis. The CIR measures improvements in indicators that represent critical community needs or challenges. The indicators we use in this report are:

1. Neighborhood Stability
2. Poverty and Economic Opportunities
3. Availability of Local Serving Retail
4. Transportation Services and Mobility
5. Availability of Parks and Open Space
6. Environmental Quality
7. Availability of Family Housing
8. School Quality

For each indicator, we first describe the conditions facing residents at the beginning of the last decade. We then assess whether the outcomes of redevelopment have resulted in an improvement in those conditions. We conclude the chapter by relating the community outcomes of redevelopment to the role that the City played in Emeryville's transformation.

INDICATOR 1: NEIGHBORHOOD STABILITY

Condition

At the beginning of the 1990s, Emeryville residents could see that the landscape of the city was about to change dramatically. Large parcels of land became available for redevelopment throughout the city and, already, major new commercial and housing development had located in the Bayfront area. The two historic neighborhoods of the city, the North End and the Triangle, contained nearly all of the older housing stock and were home to most of Emeryville's low-income families (see the Introduction for a description of the neighborhoods).³ These areas were at highest risk for "gentrification," or the displacement of low-income residents due to rising housing costs, in turn precipitated by an influx of new, more affluent residents.

Public officials and the community recognized these risks. In the 1987 General Plan they expressed a desire to preserve both the character of the older neighborhoods and the economic diversity of the city. The plan established several key goals to accomplish these ends, such as preserving existing housing stock and providing more affordable housing for low-income families.

What effect did economic development have on the housing market in these older neighborhoods? Were low-income families displaced by an influx of more affluent residents?

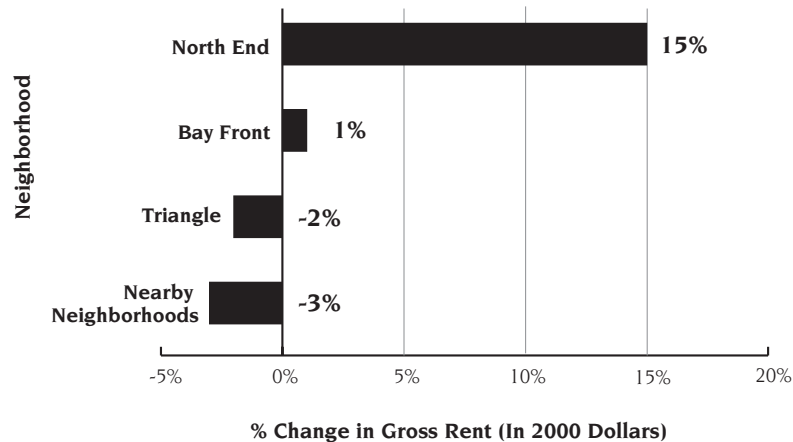
Outcome

While all of Emeryville saw significant demographic changes, neighborhood stability was challenged most in the North End area of Emeryville, where, according to our analysis, low-income residents were displaced by more affluent residents. Changes in rental housing costs and household income, along with shifts in racial composition, provide an illustration of how this displacement occurred.

Rental housing costs increased dramatically in the North End compared to the Triangle and Bayfront areas, as well as nearby neighborhoods in Oakland (see Figure 3.1).⁴ Accounting for inflation, gross rent prices increased by 15% in the North End.⁵ Housing prices dropped slightly in the Triangle area (-2%) and grew slightly in the Bayfront area (+1%). In the nearby neighborhoods of Oakland, average real rents decreased by 3% as well.⁶

The growth of North End household income is even more dramatic (see Figure 3.2). Accounting for inflation, household income rose by 60% compared to slight decreases in the Triangle (-3%) and Bayfront (8%).⁷ The median income in nearby

Figure 3.1: North End Rents Rise, Other Areas Stable or Falling, 1990-2000

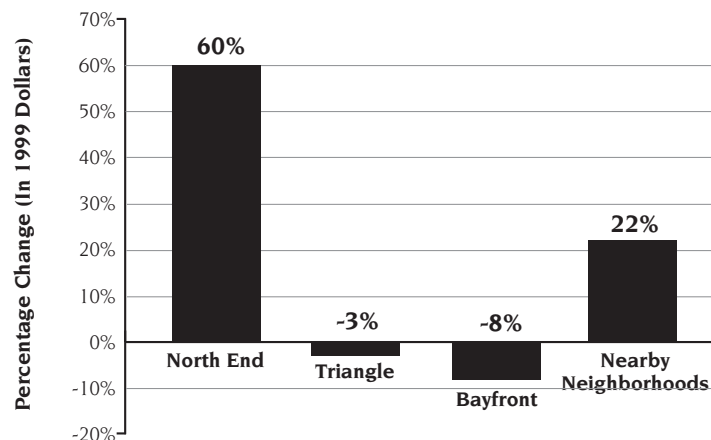


Source: Census - 1990 STF3 and 2000 SF3

Oakland neighborhoods increased significantly, but at only one-third of the rate in the North End (22%). The North End's striking growth in rent and income could be explained by three possible scenarios: 1) low-income residents were displaced by wealthier new residents, 2) low-income residents increased their incomes, or 3) the low-income population remained stable while wealthier residents moved in.

Further evidence suggests that changes in the North End were caused by displacement rather than by improvement in family conditions or by new housing construction. First, the increase in rent costs and household income for North End residents was accompanied by significant shifts in racial composition (see Table 3.1).

Figure 3.2: North End Real Household Income Soars 1990-2000



Source: Census-1990 STF3 and 2000 SF3

Between 1990 and 2000, the proportion of African American residents dropped from 51% to 32%, a fall of 19%. At the same time, the proportion of white residents increased from 27% to 45%, an increase of 18%.⁸ The proportion of Asian, Native Hawaiian, and Pacific Islander residents in the neighborhood also decreased by five percent. In sum, people of color moved out and white persons moved in. Also, although Emeryville as a whole experienced a tremendous growth in housing units over this time period, the North End population experienced an overall decline.⁹

Table 3.1: Change in Racial Composition by Area, 1990-2000

Race	Change in Proportion		
	North End	Triangle	Bayfront
White	18%	-3%	-18%
Black or African-American	-19%	1%	0%
American Indian and Alaska Native	0%	0%	0%
Asian, Native Hawaiian, and Pacific Islander	-5%	0%	13%
Latino	1%	-4%	0%
Some Other Race	0%	0%	0%
More Than One Race	4%	5%	4%

Source: Census - 1990 STF3 and 2000 SF3

In contrast, the Bayfront experienced an 18% decrease in the proportion of white population while the proportion of Asians, Native Hawaiians and Pacific Islanders increased by 13%. If combined with an increase in rents and household income, this demographic shift could indicate displacement. However, this was not the case, as rents and household incomes did not increase. Finally, the Triangle experienced little change in racial composition and income levels.

Conclusion

The neighborhood data on changes in rent, income and population levels provide strong evidence that gentrification has occurred in the North End. While the City initiated several programs over the decade intended to preserve the affordability of housing in the older neighborhoods, these programs were not sufficient to stem displacement in this part of the city.

INDICATOR 2: POVERTY AND ECONOMIC OPPORTUNITIES

Condition

In 1990, many Emeryville residents faced a crisis of poverty. Fifteen percent of Emeryville residents lived in poverty compared to only 11% of Alameda County residents.¹⁰ Within the city, the North End neighborhood suffered the highest rate,

with one out of four residents (25%) living below the official poverty line thresholds. Fewer residents of the Triangle and Bayfront neighborhoods were living in poverty, both at a rate of 13%. At the time, blue-collar industries were leaving the city at a rapid rate, leaving behind a vacuum of good jobs for workers with limited formal education or training.

Given these starting conditions, did the city's economic growth over the last decade help reduce the poverty rate in Emeryville neighborhoods? Did the public investment in redevelopment activities help connect residents with new and better paying jobs that would alleviate their economic hardship?

Outcome

By 2000, amidst the Bay Area economic boom, poverty in the Triangle and Bayfront areas had increased by one and two percentage points respectively. Most likely the result of gentrification, poverty in the North End neighborhood dropped significantly from 25% to 3%. The net outcome of these diverging trends is that overall poverty in Emeryville dropped from 15 to 13 percent. Below, we analyze in greater detail the significance of these changes for each neighborhood.

In the North End, not only did the proportion of residents living below the poverty line decrease dramatically, so did the proportion of residents with incomes below 200% of the poverty threshold (see Table 3.2 and Figure 3.3). According to the Census, the 200% measure comprises both those in poverty and the "near poor." Given the Bay Area's high cost of living, the 200% of poverty level measure more accurately describes an income below which families face hardship.¹¹ The decrease in the number of residents with incomes below this higher threshold indicates a more widespread exodus of low-income persons than just residents experiencing the most extreme financial hardship.

Table 3.2: Changes in Poverty Rates by Area, 1990-2000

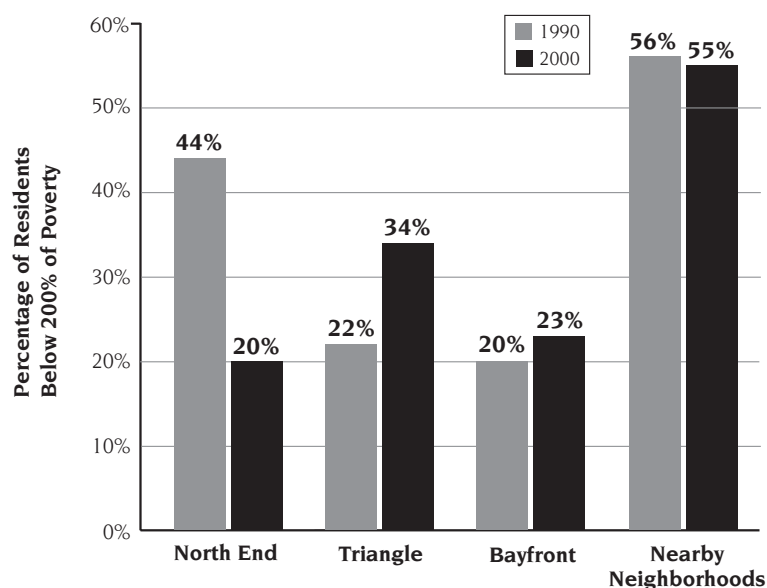
	1990	2000	Change
<i>100% of Poverty</i>			
North End	25%	3%	-22%
Triangle	13%	14%	1%
Bayfront	13%	14%	1%
Nearby Neighborhoods	29%	32%	3%
<i>200% of Poverty</i>			
North End	44%	20%	-24%
Triangle	22%	34%	12%
Bayfront	20%	23%	3%
Nearby Neighborhoods	56%	55%	-1%

Source: Census - 1990 STF3 and 2000 SF3

The relatively high rate of poverty in the Bayfront area in both 1990 and 2000 is somewhat misleading; it is contradicted by other income statistics such as median income, which is considerably higher in the Bayfront than in the Triangle Area. A closer examination of the population of the Bayfront reveals that the area has a disproportionately high number of college aged residents and college students.¹² Poverty measures do not accurately depict the economic situations of college students, who frequently have significant income supports. The slight increase in the poverty rate is likely due to the construction of 260 rental units in this area over the decade and an increase in students seeking alternatives to the expensive Berkeley housing market.

Poverty in the Triangle neighborhood increased in the years between 1990 and 2000. Unlike the North End, the Triangle Area did not experience gentrification and is, in fact, home to the highest proportion of long-time residents of the city.¹³ Not only did the poverty rate increase by 1 percent but also, more significantly, the

Figure 3.3: North End 200% Poverty Rate Drops, Triangle Rate Rises (1990 - 2000)



Source: Census - 1990 STF3 and 2000 SF3

rate of residents living below the 200% threshold increased by 12 percent (see Table 3.2 and Figure 3.3). This increase is striking in comparison to a slight decrease (1%) in the 200% poverty rate in the surrounding neighborhoods. Although economic hardship was worse in the Oakland neighborhoods than in the Triangle in both periods, the Triangle's poverty rate grew closer to that of Oakland than to the rest of Emeryville.

Some of the increase in persons living below the 200% poverty threshold in the Triangle can be explained by construction of housing projects that included very-

low income units. Between 1990 and 2000, the City subsidized construction of 80 units of very low-income housing, including 24 units in the Bridgecourt complex, 50 units in the Emery Villa senior housing building and another six units elsewhere.¹⁴ We estimate that 141 persons below the 200% poverty level could have moved into these new Emeryville units.¹⁵ These 141 persons represent about one-third (31%) of the total increase in persons below 200% of poverty.

The remaining increase in the 200% poverty rate in the Triangle area over the decade suggests that Emeryville's dramatic redevelopment did not mitigate the economic hardships faced by the community at the beginning of the decade. Triangle residents may now live in close proximity to thousands of new jobs, many very high paying, but they do not appear to be better connected to quality employment opportunities than in 1990.

One of the contributing factors to this lack of opportunity is the absence of effective employment training and services provided by the city. Over the last decade, the City spent a negligible amount of revenues on employment services and withdrew support from one attempt to run a local hiring program.¹⁶ When the East Baybridge Retail Center project was approved in 1992, the agreement between Oakland, Emeryville and the Catellus Development Corporation referred to the creation of a program called "Hire Emeryville People." According to former Catellus staff, retailers resisted the program for its tracking requirements and asserted that most of the low-wage jobs would be filled by local Oakland and Emeryville residents anyway.¹⁷ In the end, this program was never fully implemented: Catellus convinced the City to drop the tracking and monitoring aspects, and to allow an informal outreach process in their place.¹⁸ In 1994, the City assigned a staff person to run a broader Job Works Program that essentially posted job listings for local businesses. According to former Planning Commissioner Stu Flashman, the program was available to job seekers from any city and had little success connecting Emeryville residents to jobs.¹⁹ City Council member Ruth Atkin characterized the program as inadequate, calling it, "a glorified phone service."²⁰ The City discontinued the program in 1999, leaving no framework for the implementation of targeted hiring.

Another factor is that the majority of the jobs available to people with limited formal education or skills do not pay enough to lift families out of economic hardship. The broader affects of this creation of low-wage jobs are discussed at length in Chapter II.

Conclusion

Our analysis of census data on Emeryville's residential neighborhoods demonstrates that the economic growth of the 1990's did not translate into better economic opportunities for many of the city's low-income residents. In the North End, poverty decreased dramatically. However, this decrease was not the result of improved economic well-being of those living in the neighborhood in 1990, but

was instead an outcome of the displacement of low-income African-American families by more affluent white families. In the Triangle, affordable housing construction accounted for part of the increase in residents facing economic hardship, but the remaining increase indicates that many residents did not benefit from City's redevelopment efforts.

INDICATOR 3: LOCAL SERVING RETAIL

Conditions

In 1990, most Emeryville residents had to travel outside of the city to shop for food, fill prescriptions, or purchase household items. Emeryville had no supermarket, no pharmacy, and few of the day-to-day retail amenities, such as dry cleaners, a bakery, shoe repair, coffee shops and laundry, that most communities have.²¹ One of the primary goals of the Economic Development element of the 1987 General Plan was to "provide adequate retail and service activities to meet the needs of local residents and employees."²² Current and former City staff noted that bringing retail to Emeryville was a high priority for the Council at the beginning of the decade.²³

Are Emeryville residents better served by local retail today?

Outcome

Retail developers in Emeryville have primarily targeted a regional consumer base, resulting in projects that have included only some of the locally serving retail amenities desired by residents. The East Baybridge center, opened in 1994, includes mostly big-box stores such as OfficeMax, CompUSA and SportMart. In fact, the original East Baybridge plans did not include the Pak'N'Save supermarket. Without the organized advocacy of residents and some city staff, the Pak'N'Save would not have been included in the center.²⁴ A Kmart opened later as part of the same development, but closed its doors in 2001. The Bay Street shopping center, which also opened in 2002, includes primarily upscale retail chain stores, such as Banana Republic, Ann Taylor and Williams-Sonoma. These stores may serve the retail needs of some of the more affluent Emeryville residents, but Bay Street does not include any of the smaller, day-to-day retail amenities lacking in 1990.

Furthermore, the locally oriented retail that has come to Emeryville has required persistent community pressure. The Promenade retail center along San Pablo was the result of years of concerted community effort.²⁵ It now includes a Longs Drug Store, which opened in 2002, an IHOP restaurant, and space for small retailers. The City has aggressively sought local tenants for the center, and has recently signed leases with a bakery and coffee shop. However, many of the spaces remain vacant and the leasing process has been slow. Former City Councilmember Greg Harper recounted that development consultants for the East Baybridge Center warned the City that an initial focus on regional retail would inhibit the viability of smaller scale local retail.²⁶

Conclusions

The City's record on local serving retail is mixed. Despite a number of efforts to attract the sort of retail amenities desired by residents, Emeryville is still principally oriented toward regional retail. However, residents are clearly better served and have a greater variety of retail options now than they did in 1990.

INDICATOR 4: TRANSPORTATION AND MOBILITY

Conditions

In 1990, traffic levels in Emeryville were fairly low. Large industrial vehicles were becoming less common and fairly low residential and retail density allowed for free flowing vehicle traffic at most times of the day. However, the circulation system needed enhancement, primarily to better connect the different areas of the city.

The city's historic industrial landscape, organized around a major north-south railroad, had become obsolete. Both new residents and new commercial and retail developments on the west side of the tracks had created a greater need for east-west connections across the railroad right-of-way. Furthermore, the three major residential neighborhoods - the North End, the Bayfront, and the Triangle area - were isolated from one another by tracts of industrial land. Emeryville residents stated this condition in the 1987 General Plan: "The local circulation system is characterized by a limited number of through streets and by many short street sections and cul-de-sacs. Only four-lane Powell Street in the east-west direction and two-lane Hollis Street in the north-south direction offer direct routes across the city."²⁷ A key objective of the Plan was to build pedestrian and bikeways to connect the neighborhoods.

In terms of transit, Emeryville residents in the North End and in the Triangle were well served by AC Transit bus service on San Pablo Avenue, one of the most heavily used transit routes in the East Bay. Another bus route served the industries along Hollis Ave, which runs north-south between San Pablo and the railroad tracks. However, developments in the Bayfront area and major redevelopment projects on the horizon had signaled a clear need for a systematic transit plan. Furthermore, Emeryville was not connected to the regional transportation system through BART and was not well served by commuter rail.

Has the City addressed the circulation problems experienced at the outset of redevelopment? Have new projects and uses been met with adequate transit planning and development?

Outcomes

Traffic congestion has become a major problem for the City of Emeryville. With the completion of each redevelopment project, new workers, visitors and shoppers have added thousands of vehicle trips to the increasingly overburdened circulation

system. Traffic congestion means several things for Emeryville residents: longer commutes, increased incidence of traffic accidents, increased air pollution, and increased danger for pedestrians and bicyclists. According to Emeryville Police Commander Jeannie Wong, traffic congestion is one of the biggest problems resulting from Emeryville's redevelopment, and has led to an increase in automobile accidents.²⁸ The following assessment of congestion at Emeryville's major intersections will illustrate the changes that have taken place.

Traffic engineers and planners evaluate congestion at road intersections with a Level of Service (LOS) grading system. This system assesses how well traffic flows through an intersection. Like school grades, LOS grades run from A through F. An LOS grade of A indicates free-flowing traffic with little or no delay, while LOS F represents an intersection where traffic flows exceed design capacity, lane changes are limited and drivers at signalized intersections may wait through several signal changes before passing through.²⁹

Nearly two-thirds of the Emeryville intersections evaluated in the 1987 General Plan received an LOS grade of A.³⁰ The only grade below C belonged to the intersection of Powell and Hollis Streets, two of Emeryville's main arterials.

The latest LOS grades available show dramatic increases in traffic flow. Table 3.3 shows intersection traffic flow during both commuter hours and weekend shopping times (last column). Weekend traffic at three key intersections for Bayfront and East Baybridge shoppers had fallen to the second worst grade, E. The Christie, Shellmound and Powell intersections are bottlenecks for residents attempting to access I-80/I-580. Weekday levels of service at Hollis and Powell declined to an E, and at Christie and Powell declined to D.

During the last decade, the City has made capital improvements to all of its major intersections through the addition of turning lanes, the widening of lanes, better signaling, or creation of one-way portions of connecting streets. Overall, these improvements have increased the capacity of the local circulation system. For example, Table 3.3 shows that once all the mitigations are implemented for Shellmound Way at Christie Avenue, the intersection is projected to improve from an F to an E by 2010. Developer fees have paid for many of these improvements.

As in the above example, however, for many intersections, the planned mitigations will not be able to lift LOS ratings above D or E. Considering that Emeryville's workforce still has much growing to do, through expansions at Chiron and Pixar and the occupancy of vacant office space, it is likely that several major intersections will simply get worse without any remedy.

Table 3.3: Level of Service Assessments for Key Emeryville Intersections

LOS Comparisons	1987 General Plan		1998 Impact Study		South Bayfront EIR (1998)
Intersection	A.M. Peak	P.M. Peak	P.M. 1998	P.M. 2010 Mitigated	2010 Mitigated Weekend Peak
Christie at Powell	A	A	D	D	E
Yerba Buena/40th* And Hollis	A	A	A	D	E
Powell and Hollis	B	E	D	n/a	
65th and Hollis	A	A	A	D	
Yerba Buena/40th * And San Pablo	A	A	C	C	D
Shellmound Way/ Shellmound St.			A	B	D
Shellmound Way/ Christie Ave.			F	D	D
Christie Ave/ Shellmound St.			A	C	E

* Yerba Buena was rerouted to become 40th Street

Source: City of Emeryville

The City has a mixed record on improving local circulation. On the one hand, several significant capital improvement projects have been completed. The City has effectively retooled circulation in its southern half by making 40th Street a main east-west thoroughfare and extending it past San Pablo into Oakland. As discussed in Chapter 1, the City, developers, and local businesses also spent \$25 million to build the Bay-Shellmound Street Project. As a result, Shellmound Way extends south all the way to IKEA and connects to 40th Street over a new bridge. Prior to these improvements, the Bayfront area was isolated from neighborhoods east of the railroad tracks.

On the other hand, the city has been criticized for allowing the construction of projects that have compromised the circulation system.³¹ For example, the City gave up one existing street and one planned pedestrian/bicycle corridor to the Pixar campus, and may give away an additional planned street to the expansion of the campus. This would create one continuous block from San Pablo to Hollis Street, blocking the development of better circulation through what could be considered the city's civic center.

The City's main transit accomplishment is the Emery Go Round, a shuttle service that began operating in 1996. The service was initially funded by private developers and businesses that would directly benefit from it, but now relies on revenue from a citywide business improvement assessment district. Weekday boardings for

the first half of 2002 averaged 1,984 per day.³² Assuming that most users take the shuttle both to and from their destinations, this would suggest that use of the Emery Go Round removes approximately 1,000 auto trips from the circulation system each week-day. According to the Emery Go Round's own rider survey, 43% of the riders are residential, while the bulk are commuters.³³

However, weekend use is significantly lower. Saturday boardings averaged 305 per day. This indicates that retail workers and shoppers are not using the shuttle service, leaving a significant source of traffic congestion unmitigated. A survey of East Baybridge, IKEA and hotel workers, discussed more fully in Chapter II, shows that only 18% of workers arrive by public transportation.

The City also facilitated and funded construction of a new Amtrak station that serves commuters to and from Sacramento and Davis. It has become one of the highest volume stations in the Amtrak system.³⁴ The station is primarily a regional serving transit facility rather than a local one.

Finally, the City has not yet constructed the major pedestrian and bike paths included in the 1987 General Plan. The one exception is a pedestrian bridge over the railroad tracks that connects the North End neighborhood with the Emery Bay retail center. Several pedestrian/bike path opportunities have been foreclosed by other development, such as the one originally planned through the Pixar campus site.³⁵ However, the City is planning to build two major new facilities, a pedestrian bridge that crosses the railroad tracks from Chiron to Bay Street and a north-south greenway that follows an abandoned railroad right of way.

Deloris Prince

Deloris Prince works as an office manager in Oakland. She has lived in Emeryville for 23 years.

According to Deloris, the construction and development in Emeryville has caused such severe bottlenecks and traffic delays that long-term residents have had to change their shopping times and routes to work to avoid the peak hour commuter traffic.

"Anyone who lives here knows you don't do anything over on Powell Street during peak hours in the morning or evening. Unless it is a dire emergency you wait until late evening, when the traffic is slightly better," she said.

Deloris also avoids taking freeways I-80 or I-580 while driving to work, as the lanes leading up to the freeway entrances are completely blocked during commute hours.

"There have been a lot of traffic problems since the time the redevelopment started in the city. I avoid going through Powell, past the IKEA on to the freeway to get to work. There is so much traffic during rush hour there you'd think there was an accident. I take a different route to work, and I only go over to Powell Plaza when I absolutely have to - like when I need to go to my bank, which is over on that side, in the Plaza. But then, I have to rush over after work before the bank closes and I still don't make it in time, as I get stuck on the ramp for too long due to the heavy traffic.



Conclusion

The City has put a remarkable amount of work into the Emeryville circulation system since 1990. However, in many cases, improved circulation has been met with enough new traffic to leave residents, workers, and shoppers facing substantial congestion. As the circulation system has improved, it has reached capacity with the opening of project after project. The transit story is mixed as well. Though the Emery Go Round has provided a much-needed connection to the BART system, Emeryville still lacks an adequate transit system.

INDICATOR 5: PARKS AND OPEN SPACES

Conditions

In 1990, many residents were underserved by parks and open space. The 1987 General Plan distinguished park space need between the older neighborhoods and the new residential complexes in the Bayfront. Residents of the Bayfront had access to the marina, the shoreline, the 12-acre City-owned Marina Park at the tip of the peninsula, and to private recreation facilities. However, residents of the Triangle and North End areas only had one "pocket park" with no open play area and only occasional access to school facilities. The plan emphasized that because of the physical separation from Bayfront parks, a higher density of families, and a lower average income, the needs of these communities should be considered separately from the Bayfront area.³⁶ The plan also stated, "A present lack of open space and recreational facilities and opportunities was one of the issues most frequently mentioned by Emeryville residents."

The park space available to the older neighborhoods fell well below the city's own standards and far below national standards. In 1990, the North End and Triangle areas contained only 0.04 acres of park space per 1,000 persons (see Table 3.5). The City's standard from the 1987 Plan was 1.75 to 2.75 acres per 1,000 persons.³⁷ National standards for park and open space range from four to ten acres per 1,000 persons. Neighboring Oakland provides eight acres per 1,000 persons.³⁸ The City planned to address this need in eastern Emeryville by building a large community park at Hollis and 53rd and six other "mini-parks."³⁹

Did the City maintain adequate parks and open space for the Bayfront area as population increased? Did the City meet the parks and open space needs of residents in eastern Emeryville?

Outcome

Since 1990, the City has continued to serve the Bayfront area well with parks and open space, but has fallen short of reaching park and open space standards for eastern Emeryville.

The Bayfront area benefited from four new parks comprising an additional 4.2 acres (see Table 3.4). These include the new Christie Avenue Park (0.9 acres) across the street from the Pacific Park Plaza condominium tower, Davenport mini-park (0.4 acres) near the Marina, and Point Emery (2.8 acres) and Shorebird (0.1 acres) parks

that jut into the Bay. The City and the State are also currently working together to create a regional recreational facility in the State's Shoreline Park. Overall, the City has maintained sufficient park and open space in this area.

Table 3.4: Change in Park Space, 1990-2000

	<i>Acres</i>	
	1990	2000
<i>East Emeryville</i>		
61st. Mini Park	0.10	0.10
Temescal Creek Park		1.10
Stanford Park		0.80
Horton St. Landing*		0.68
Organic Gardens (2)		0.32
<i>Subtotal</i>	0.10	3.00
<i>West Emeryville</i>		
Marina Park	11.60	11.60
Christie Avenue Park		0.90
Davenport Park		0.40
Point Emery		2.80
Shorebird Park		0.10
<i>Subtotal</i>	11.60	15.80
<i>Total</i>	11.70	18.80

* Not yet built

Source: Emeryville Planning Department

In eastern Emeryville, two new small parks, two organic gardens and a planned park off Horton Street have added 2.9 acres of parks and open space, but the area still did not meet City or national standards. The City added Stanford Park (0.8 acres), Temescal Creek Park (1.1 acres) and an organic garden in north and south Emeryville each (0.32 acres). The Horton Park Landing (0.68 acres) is currently funded for construction. Based on the 2000 Census population figures, eastern Emeryville currently provides only 1.0 acre of park and open space per 1,000 people (see Table 3.5).

Table 3.5: Park Space Falls Below National Standards (In Acres Per 1000 Persons)

<i>Park Location</i>	1990	2002	<i>City Standard</i>	<i>National Standard</i>
East Emeryville	0.04	1.00	1.75-2.00	4.00
West Emeryville	3.88	4.09	1.75-2.00	4.00
<i>Total</i>	2.03	2.73	1.75-2.00	4.00

Source: City of Emeryville and National Recreation and Park Association

The continued deficit of park space resulted from the abandonment of early park plans in favor of the creation of corporate, commercial office and retail developments. The planned community park at 53rd and Hollis was abandoned in favor of the expansion of the Chiron corporate campus.⁴² Plans for several small and mini-parks were also scrapped for other developments.⁴³ The Horton Street Landing, a portion of open space between Chiron and the railroad tracks, was recently reduced in size to accommodate a parking garage for Chiron.⁴⁴ Finally, according to 1987 General Plan standards, Catellus Development Corporation was required to create at least 1.2 acres of open recreation space to accommodate the housing component of the East Baybridge retail center. The City allowed the developer to simply not comply with these standards and subsequently no open space was created.⁴⁵ One commenter to the project's EIR stated, "There must have been some good reason that the General Plan provided for large amounts of open space. What was the reason and why are members of the city government so quick to abandon this goal now?"⁴⁶

Meanwhile, several acres of outdoor recreation area were created by Pixar as part of their corporate campus. This inviting open space is viewable from Hollis, Park and 45th Streets, but fenced off from public use. The Pixar campus lies across Park Avenue from City Hall, but public pleas to allow residents' use of the space have been denied.⁴⁷

The City has recently approved plans to increase park and open space in eastern Emeryville. The City has signed a forty-year agreement to lease pool and field facilities from the Emeryville School District, both as a means to provide the district with much needed funds and to secure recreation facilities for youth programs. The City also plans to create a "greenway" that runs from Sherwin Avenue north to the Emeryville border. The greenway includes several sections of exclusive bicycle and pedestrian corridor that is zoned as park and recreation space. Finally, residents of the North End along with City Council member Ruth Atkin fought for and won approval of a 1.5-acre community park along Doyle Street between 61st and 62nd Streets. If built, these facilities will greatly improve the park and open space deficit. However, even if all are created, eastern Emeryville will have only 2 acres per 1,000 persons-at the low end of the City's goal, and well below national standards.

Conclusion

Though residents of the Bayfront area have access to adequate parks and open space, residents of eastern Emeryville are still underserved. Opportunities to expand accessibility to parks and open space in the eastern neighborhoods have been foregone several times in order to accommodate the needs of private companies such as Chiron and Catellus Development Corporation. If implemented, current plans for a new community park on Doyle Street should bring the city closer to meeting local and national standards.

INDICATOR 6: ENVIRONMENTAL QUALITY

Condition

The de-industrialization of Emeryville left behind large parcels of vacant land, much of it contaminated from nearly 100 years of manufacturing, chemical production, canning, and metal plating, among other activities. An evaluation conducted by the City in 1995 found evidence of soil or groundwater contamination in 55% of Emeryville properties. These polluted sites, referred to as "brownfields," have long been a significant source of hazard to adjacent neighborhoods and residents.

By the early 1990's, several substantial redevelopment projects had been completed on Emeryville's less contaminated land, including Powell Street Plaza (retail), Emery Bay (mixed-use retail and entertainment), and Bay Center (Sybase corporate headquarters). The higher contamination on remaining sites posed a major barrier to redevelopment, due to uncertainty about the extent and cost of environmental remediation.⁴⁸

Did the City reduce resident exposure to toxic chemicals through remediation of contaminated Emeryville land? What additional impacts has redevelopment had on environmental conditions in Emeryville?

Outcomes

Over the past decade, the city government has played a significant and active role in brownfields remediation. In 1995, the City initiated the Emeryville Brownfields Pilot Project. The goals of the project included reducing the cost and uncertainty associated with the redevelopment of brownfield sites. Assisted with a grant from the Environmental Protection Agency, the City first set out to evaluate levels of contamination throughout Emeryville, building a database of existing conditions for the use of potential developers and lenders. The City states that its efforts have enabled \$540 million worth of private development.⁴⁹ This figure includes projects such as IKEA, Bay Street, and the Courtyard Hotel by Marriott. In recognition of the City's achievement, the City of Stockholm, Sweden, chose the Brownfields Pilot Project to receive an award for "Supporting the Environment."⁵⁰

Despite the City's success in cleaning up toxic sites, the dramatic intensification of traffic congestion that has accompanied the redevelopment of the last decade or so presents a new environmental danger for Emeryville residents. According to the City's own General Plan,

Over 90% of carbon monoxide in the air is emitted from vehicular sources. Local, unmonitored exceedences of standards for this pollutant can occur where traffic is congested and cars are idling for a long time. . . The land use, circulation, and growth decisions made by local communities such as Emeryville will significantly affect the outcome of regional air quality planning.⁵¹

As discussed above, the cumulative impact of development planned for the near future will eventually exceed the capacity of the Emeryville circulation system. Without a focus on trip reduction and transit alternatives, the increase in traffic-related air pollution poses a significant environmental risk to Emeryville residents.

Conclusion

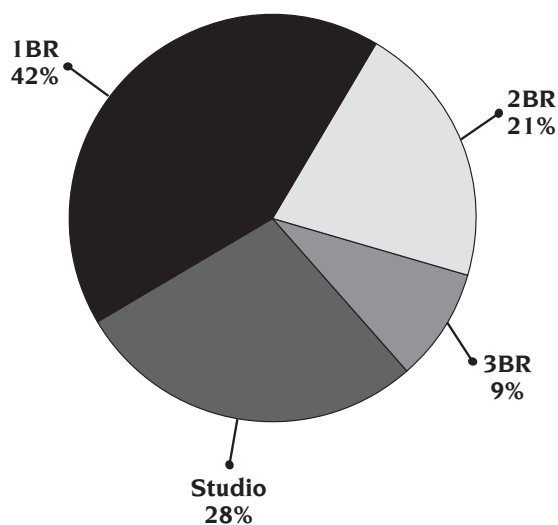
The Brownfields Pilot Project has had great success in bringing vacant and polluted land back to productive life, and the City has been instrumental in facilitating the clean-up of many contaminated land sites. However, without an adequate plan to address the air quality impacts of increased traffic congestion, continued development may put residents at further risk of environmental hazard.

INDICATOR 7: FAMILY HOUSING

Conditions

Since the 1970s, Emeryville's average household size has been on the decline. Prior to the construction of the city's first major housing development, the Watergate Apartments, the average household size was 2.41, close to Alameda County's average of 2.84.⁵² By 1990, the average household size was 1.7 compared to 2.5 for Alameda County. Children made up only 12.5% of the city's population compared to an average of 23.7% in the county. This was due in part to a housing boom in the 1980s that produced primarily studios, lofts and one-bedroom apartments. Over 1,100 units were added, but few of these units provided options for new families to move to Emeryville.⁵³

**Figure 3.4: Type of Housing Units Built,
1990 - 2002**



Source: City of Emeryville

Family housing is generally recognized as more difficult and less profitable for the private sector to build.⁵⁴ The need to build additional family housing was recognized in the 1987 General Plan. It stated that, "for residential projects greater than 15 units, the City should encourage a minimum of 20% of the units be designed to accommodate families of three or more members."⁵⁵

Did the City facilitate construction of family-oriented housing? Did the City ensure that Emeryville would be a family and child-friendly city?

Outcome

From 1990 to 2002, 1,098 units of housing were built in Emeryville. If units with two or more bedrooms are considered family housing, then 30% of the newly constructed units fit within the category (see Figure 3.4). However, non-profit, affordable housing providers in the East Bay consider family housing to be three or more bedrooms. In this case, only 9% of the units built would qualify.⁵⁶ See Appendix C for a list of all buildings and type of units built.

This housing production over the last decade did not increase the presence of families in Emeryville. By 2000, Emeryville had the second fewest children of the 63 cities and places in the East Bay and second smallest household size in the State.⁵⁷ While average family size in Emeryville remained static, the proportion of children under 18 in Emeryville dropped from 12.5% in 1990 to 11.5% in 2000.⁵⁸ Meanwhile, Alameda County saw its proportion of children rise from 23.7% in 1990 to 24.6% in 2000.

A combination of factors has likely resulted in the decline in the presence of children and families. First, although the City had considered strategies for encouraging the construction of family-oriented housing, no policies were adopted.⁵⁹ Second, a recent City report on the First Time Homebuyers Program suggests that the avail-

Mary McGruder

Mary McGruder works at Anna Yates Elementary School as the School Secretary. She and her husband, and their four children aged 16, 18, 21 and 24, all live in the McGruders' two-bedroom house. She has lived in Emeryville since 1977.



Like many other low-income residents, the McGruders' greatest concern around the development in Emeryville is the lack of affordable housing. "I know the city has enough money to build affordable housing. And with all these big companies coming in, I think they have the ability to do more."

Mary's older daughter, who is a single mother, works at an insurance firm for \$13 an hour. When she started her job she could not work full time as she was on an extremely long list for subsidized childcare. Now she works more hours but is still struggling to find an affordable apartment she and her child can move into. Mary's son works at Home Depot for \$11 an hour. The only way he can continue to live in Emeryville is by staying with his parents and siblings in their cramped two-bedroom apartment.

Mary is worried that her children will not be able to afford a house in the neighborhood they grew up in. "Who can afford these lofts and condos that they are building? You have to make at least \$60,000 a year to move in. I don't even make that much, let alone my son and daughter who are just starting out."

ability of three bedroom units is, in fact, critical to the attraction of families.⁶⁰ Yet, only 9% of the units built from 1990 to 2002 were three bedrooms or more. Finally, another recent report by the City points out that, in addition to the need for larger units, families seek several amenities that the city has lacked.⁶¹ These include smaller apartment buildings, availability of child-oriented amenities within housing complexes, parks and open space (lacking in the eastern portion of the city), and quality public schools. The City also noted that families might perceive that Emeryville is not safe and that there is still water and ground contamination. The report concluded that Emeryville could launch an effort to comprehensively address these shortcomings.

Emeryville's two largest apartment rental complexes, both constructed in the 1990s, illustrate that, without attention paid to the amenities that families seek, attracting families with children is difficult.⁶² Table 3.6 shows that Bridgecourt Apartments and Emery Bay Club and Apartments II offer a relatively high proportion of multi-bedroom units, 52% and 37% respectively.⁶³ However, the proportion of households with children actually living in these units is relatively low - only 21% in Bridgecourt and 3% in Emery Bay II.⁶⁴ This outcome is significant, considering that the two complexes account for 83% of all two and three bedroom units built in this time period.

Table 3.6: Family Recruitment in Key Housing Developments

	Bridgecourt Apartments	Emery Bay Apts. II	Total Units Apartments
2 BR+ Units	114	115	229
Total Housing Units	220	260	480
2 BR+ % of Total Units	52%	37%	48%
% HH With Children Under 18 Years	21%	3%	

Source: City of Emeryville, 2000 Census SFI and U.S. Dept. of Housing & Urban Development

Conclusions

Despite the substantial number of multi-bedroom units built between 1990 and 2000, Emeryville did not become a more family-oriented city. Even though the City stated that family attraction was a priority in 1987, the City did not follow-up on this goal with a strategy to provide the family-friendly amenities and kinds of residential units necessary to attract households with children. As result, the proportion of children in Emeryville continued to decline.

The dynamics of family attraction have implications beyond just the character of the community. As we will see in the next section, Emery School District funding

stability depends largely on sustaining enrollment levels. The declining presence of children and families may have contributed to the instability of enrollment levels.

INDICATOR 8: SCHOOL QUALITY

Conditions

The outlook for the Emery Unified School District (EUSD) was optimistic in 1990. It had weathered a major fiscal crisis in the mid-eighties and was experiencing a period of growth in enrollment that would continue through 1999. Enrollment, which was at 450 in 1987,⁶⁵ had risen to 560 by 1993.⁶⁶ However, the district's fiscal trouble in the eighties indicated that it could face serious fiscal risks without sound management and stable enrollment.

This crisis of the 1980s illustrates an ongoing challenge for the EUSD - very small school districts are more financially vulnerable to fluctuations in enrollment. The problem arose in the 1970s as a result of major changes in State property tax and school funding laws that shifted funding responsibility from local districts to the State government. As a result of a watershed court decision in 1972, the state has ensured an equal level of funding per student for every district. However, the challenge for small districts lies in their lack of flexibility to scale back costs. A large district can respond to a 10% drop in enrollment by cutting programs and maintenance without substantially compromising the basic education program. Because a small district may already be operating with the minimum staff and facilities required for its programs, a 10% enrollment decline could bring revenues below fixed maintenance and payroll costs. Under these circumstances, it is incumbent on a small district like EUSD to carefully observe enrollment trends and ensure that the district does not over-extend spending.

A city's role in school district stability is somewhat complex. The establishment of a redevelopment area diverts property tax revenues from the district to the redevelopment agency. However, the State compensates school districts for this diversion to redevelopment by making up the difference, dollar for dollar, unless local revenues are unusually strong. Aside from State compensation, cities can also "pass through" some of the diverted tax dollars from their redevelopment agencies to the schools under voluntary or State-mandated agreements with school districts.⁶⁷ Also, given the vulnerability of enrollment in the Emery Unified School District, the City can also have an influence on district stability through the impact of community and economic development policies on enrollment levels.

Outcomes

At the end of the decade - while the City was at the peak of its redevelopment activities - a combination of fiscal mismanagement, rapidly falling enrollment, and lack of proper oversight had precipitated a second serious fiscal crisis for the

Bridget Burch

Bridget Burch is a full time student at Vista College and a single mother of four children. She has lived in Emeryville for nine years.



Bridget is very concerned about the state of the schools in Emeryville; she feels that her children are not getting adequate care and the attention they need. She says that her children, like most other low-income resident children attending school in the city, do not have adequate books, qualified teachers and quality counselor guidance.

"The City cares more about the businesses than the schools," Bridget said. "They will do anything to accommodate them and meanwhile our children are getting ignored to the point of becoming ignorant."

Bridget feels that the lack of quality schooling facilities and the over-burdened school staff in Emeryville are hindering the development of her children's talents.

"My first job, if I had control over the tax money, would be to do something for the students, like workshops for career planning and college preparation, because they need to know these things before they graduate, and after school programs, like art and dance, because a lot of parents have to work past the time the kids get out of school."

Bridget wants to have a stronger voice in key decisions being made around the administration of the schools her children attend.

District. Although most aspects of the crisis are beyond the control of city government, the amount of City revenues generated by redevelopment stand in sharp contrast to the financial troubles that are now crippling Emeryville's schools. To some degree, this reflects the fact that the City's redevelopment goals over the last decade have not considered the needs of the district.

In 2000, the District was discovered to have a deficit of \$2.3 million. The Alameda County Grand Jury determined several main causes of the deficit.⁶⁸ Superintendent J.L. Handy was responsible for misspending public funds and negligent fiscal management. The EUSD school board was found to share responsibility as it had failed in its duty to supervise the superintendent and maintain the fiscal integrity of the district. Finally, the Alameda County Office of Education was held partly responsible for failing to maintain required oversight of EUSD fiscal practices, despite clear warning signs that emerged before the crisis.

As a result of bankruptcy, EUSD was forced to take a bailout loan of \$1.3 million from the State, and cede control over the district to the State.⁶⁹ In addition to the loss of local control over the district, severe cost-cutting measures and continued enrollment loss will result in the cancellation or reduction of important enrichment programs, the closure of the city's middle school in 2003, and staff cuts of 13.5 full-time equivalent (FTE) positions.⁷⁰ Grades 7 and 8 will be folded into the high school, causing some middle school parents to express concern that a 7-12 grade school environment will expose their children to harmful or dangerous influences. Some parents have decided to transfer their children to neighboring districts that provide

separate junior high and high school facilities.⁷¹ School staff and board members worry that the district's financial recovery will be set back by an additional enrollment drop resulting from the middle school's closure. In response to the financial

crisis and ongoing enrollment loss, the city and school district have embarked on a number of curriculum reform and collaborative funding initiatives (see inset).

Also responsible for the crisis was dramatic enrollment drop in 1999 following a decade of enrollment growth. Enrollment nearly doubled along with funding over the greater part of the 1990s. However, from a peak of 984 students in 1998-1999, the district's enrollment declined to 835 in the 2002-2003 school year—resulting in the loss of approximately \$820,000 in funding.⁷²

It seems unlikely that the enrollment increase before 1999 was the result of population growth in Emeryville. From 1990 to 2000, Emeryville's population growth of 1,129 individuals included only 48 new school-age residents. According to EUSD Advisory Board President Forrest Gee, only 54% of the district's students come from within Emeryville.⁷³ The remaining students come primarily from Berkeley and Oakland. Some in the community have suggested that at least part of the enrollment increase may have been due to Superintendent J. L. Handy's policy of accepting students with disciplinary problems from neighboring school districts.⁷⁴

The proportion of children in Emeryville has continued to decline, likely exacerbating enrollment issues. As discussed in the previous section, housing and neighborhood development in Emeryville over the decade did not encourage a growth in the family population likely to send their children to Emeryville schools. New housing developments facilitated by the City in the 1990s attracted few families with children. The North End residential neighborhood has also seen an increase of households with no school-age children.

Conclusions

Although the causes of the district's crisis were largely beyond the purview of city government, the City might have lessened the seriousness of the crisis in several ways. If the City had attracted more families to Emeryville through the construc-

Current Steps By the City and EUSD

The City, the community, and the district have undertaken a number of collaborative planning measures since the state takeover of EUSD in 2001.

- The Emeryville Redevelopment Agency recently funded a \$1.5 million, 40-year lease of certain EUSD facilities. This will provide EUSD with funds for repayment of State emergency loan.
- An Education and Youth Services Task Force was established to create the *City of Emeryville/Emery Unified School District Education and Youth Services Master Plan*, completed in August 2002, to address curriculum issues.
- EUSD, the Emery Education Foundation, the City, and the Bay Area Coalition for Equitable Schools are planning to implement the Math, Science, Technology Initiative (MSTI), a comprehensive restructuring of education programs and community partnerships.
- The Education and Youth Services Advisory Committee (EYSAC) became a permanent advisory body to city council and EUSD board.
- After a collaborative process, the EUSD State Administrator has approved placing a parcel tax for school funding on a June 2003 special election ballot.

tion of appropriate and affordable family housing, it could have reinforced EUSD enrollment stability in the long-term. A better working relationship between the City and the district could have brought the district's financial and managerial problems to light earlier.

As mentioned above, the City also could have negotiated an additional "pass-through" of redevelopment funds. For example, the City of Emeryville has had a pass-through arrangement with the EUSD since 1987, although the amount has always represented the minimum mandated by State law.⁷⁵ EUSD received a total of \$308,747 over the period 1992-2001,⁷⁶ representing only 0.7% of the district's total revenues over that time period. However, the Redevelopment Agency can at any time negotiate an additional pass-through agreement with the school district, or fund the district for the construction or reconstruction of school district facilities. Members of the school community have discussed the possibility of such agreements for some time, but the Emeryville Redevelopment Agency has "expressed no interest in negotiating an agreement with EUSD..."⁷⁷

Recent collaborative efforts by the City and business community hold out promise for improving the fiscal conditions of the EUSD and the quality of education for Emeryville students. Unfortunately, students enrolled over the last few years have suffered from the crisis and the EUSD may have to overcome a perception of poor fiscal management for many years to come.

CONCLUSIONS

In this chapter, we have addressed the following question: as economic activity returns to disinvested urban areas, what effect does it have on the neighborhoods and residents who live there? The evidence indicates that, in Emeryville's case, the outcomes have been mixed. While environmental hazards have been reduced, retail opportunities have been expanded, and the capacity of the city's circulation system has been increased, the impacts of redevelopment on poverty and family hardship, and on neighborhood stability, present a troubling picture for low-income families.

Two of the dangers of redevelopment have been realized in the case of Emeryville: residents in need of economic opportunity were displaced as their neighborhood gentrified, while economic hardship increased in another neighborhood as residents were unable to access jobs that would pay sufficient wages to lift their families out of poverty. These are two ways that the promise of redevelopment has failed.

Could this failure have been prevented? Could the City have taken steps to ensure that local residents would share in the positive impacts of reinvestment and revitalization?

As we saw in Chapter I, most of the redevelopment projects that Emeryville facilitated over the decade did not include community standards or community benefits

that addressed the needs of low-income families. In addition, there was not a framework in place to evaluate the full extent of community impacts and determine appropriate mitigations. With more emphasis on developer obligations to the community, and with a process to fully assess community impacts, the City's redevelopment efforts would have served the community better.

As we will explore further in the Conclusions and Recommendations section that follows this chapter, there are several ways to help ensure that redevelopment has a positive impact on the community.

ENDNOTES: CHAPTER III

¹ Residents of Emeryville enjoy the highest per person expenditures on police and fire services in Alameda County. Source: <www.ci.alameda.ca.us/gov/pdf/finhigh2002.pdf> pg 6.

² City of Emeryville, Department of Finance, Two Year Operating Budget Fiscal Years 1995-1996 and 1996-1997, and Two Year Operating Budget Fiscal Years 2002-2003 and 2003-2004.

³ We take the names for the three residential areas of Emeryville from the 1987 General Plan. The three areas correspond to Census block groups: the North End is block group 1, the Triangle is block group 2 and the Bayfront is block group 3. See Figure I.2 for a map.

⁴ Nearby neighborhoods comprise census tracts 4007 through 4010 and 4014 through 4017. The total population of these tracts was 26,863 in 2000.

⁵ Gross rent includes contract rent plus utilities that are typically included in rent contracts.

⁶ For the Oakland census tracts, we calculated a weighted average of the median rents. We repeat the same calculation for household income, below.

⁷ The decrease in Bayfront income is likely due to construction of Emery Bay II Apartments, a 260-unit complex that included the Bayfront's very first affordable units.

⁸ Some of the loss in African Americans and other peoples of color may be accounted for by the creation of a new census category, "More Than One Race." That is, in 1990 people who said they were African American may have said in 2000 that they were more than one race. However, there was only a 4% increase in this category.

⁹ Population in the North End fell from 1017 to 795. Source: Census 2000, SF1.

¹⁰ Unemployment was approximately 4%, the same as Alameda County. This indicates that many residents living in poverty were not in the workforce in 1990, or held jobs that did not pay enough to keep their families out of poverty.

¹¹ See discussion of poverty as a measure of economic hardship in Chapter 2.

¹² One study found that 20% of the residents of the 260-unit Emery Bay II apartment complex are college students. Source: U.S. Department of Housing and Urban Development, Cityscape: A Journal of Policy Development and Research, Volume 3, Number 2, pp11-13, 1997.

¹³ Census 2000, SF1.

¹⁴ City of Emeryville, 2001 Housing Element, 2001.

¹⁵ According to the Census, the average household size in Bridgecourt was 1.75. To estimate family size for the income thresholds, we simply round up this figure to two persons. Two person families that made less than \$28,650 in 2000 qualified to live in the very-low income units. The same sized family would fall below the 200% of poverty threshold in 2000 if their income was \$23,138 or less, or about \$5,000 less than the very-low income threshold. Thus, we can safely assume that units affordable to families above very-low-income would be out of reach for families with income less than 200% of the poverty threshold. We then estimate the total number of persons that reside in the very low-income housing by multiplying the number of very-low income units (80) by the average household size in Bridgecourt (1.75). Emery Villa likely

has fewer persons per household, as the units are smaller than Bridgecourt's.

¹⁶ Interview with Ignacio Dayrit, Jan. 21, 2003; and State of California, Office of the Controller, Cities Annual Report, Sacramento, Fiscal Years 1990-1991 through 2000-2001.

¹⁷ Interview with Pat Cashman.

¹⁸ Interview with Pat Cashman.

¹⁹ Interview with Stu Flashman.

²⁰ Interview with Ruth Atkin.

²¹ Mary Paine and Odessa (last name unclear), comments, "Transcript of Planning Commission Special Meeting, October 30, 1991" found in East Baybridge Project Final EIR Mitigation and Monitoring Program, August 2, 1992.

²² City of Emeryville, Emeryville General Plan, 1987, pg III-37.

²³ Interview with Ignacio Dayrit, Feb. 28, 2002, and Interview with Ron Gerber, Dec. 19, 2002.

²⁴ Interview with Greg Harper, Feb. 26, 2003.

²⁵ Interview with Andy Getz.

²⁶ Interview with Greg Harper, Feb. 26, 2003.

²⁷ City of Emeryville, Emeryville General Plan, 1987, III-45.

²⁸ Interview with Jeannie Wong.

²⁹ City of Emeryville, Traffic Mitigation Fee Study, September 24, 1998.

³⁰ This analysis falls closest to our 1990 start period and is the most comprehensive assessment available. The A grades at Christie at Powell and Powell at Hollis may be an underestimation for 1990, as Powell St. Plaza and the Emery Bay project opened after the study was completed.

³¹ City Councilmember Ken Bukowski voiced concern over the proposed expansion of Pixar's corporate campus, as it would create an even bigger "superblock," further hindering north-south bicycle and pedestrian travel in Emeryville. Source: City Council minutes, August 2002.

³² Emeryville Transportation Management Association, Emery Go Round Shuttle Mid-Year Ridership Report, July 9, 2002.

³³ Interview with Wendy Silvani.

³⁴ Interview with Nora Davis and Patrick O'Keefe.

³⁵ In recent negotiations over the transfer of land from the Promenade housing project to Pixar, the company agreed to dedicate a strip of land to a bicycle/pedestrian path, but the details of this plan have not been finalized.

³⁶ City of Emeryville, Emeryville General Plan, 1987, pg III-68.

³⁷ City of Emeryville, Emeryville General Plan, 1987, pg III-75.

³⁸ Mertes, James D., Park, Recreation, Open Space, and Greenway Guidelines, Alexandria, Va.: National Recreation and Park Association, 1995.

³⁹ City of Emeryville, Emeryville General Plan, 1987, pg III-73.

⁴⁰ Mertes, James D., Park, Recreation, Open Space, and Greenway Guidelines, Alexandria, Va.: National Recreation and Park Association, 1995.

⁴¹ City of Emeryville, Planning Department, unpublished documents, received March 2003.

⁴² City of Emeryville, Staff Report to City of Emeryville Joint Redevelopment Agency City Council: Chiron Development Plan, August 2, 1995.

⁴³ See map for planned parks in the 1987 General Plan, pg III-73.

⁴⁴ City of Emeryville, City Council Resolution No. 01-1: Chiron Development Plan Amendment to

Development Agreement, May 15, 2001.

⁴⁵ City of Emeryville, East Baybridge Project Environmental Impact Report, August 7, 1992, pg 68.

⁴⁶ Ibid Pg. 69.

⁴⁷ King, John, "Urban Landscape: a cautionary tale of corporate campuses," San Francisco Chronicle, June 16, 2002.

⁴⁸ Ignacio Dayrit, Brownfields Redevelopment Demystified, City of Emeryville, July 2003.

⁴⁹ City of Emeryville, Emeryville Brownfields Pilot Project Status Report, November 1998.

⁵⁰ City of Emeryville, <www.ci.emeryville.ca.us/news/bangemann.html>, accessed February 2003.

⁵¹ City of Emeryville, Emeryville General Plan, 1987, pg IV-19.

⁵² City of Emeryville, Emeryville General Plan, 1987.

⁵³ City of Emeryville, 1992 Housing Element, 1992.

⁵⁴ Interview with Sean Heron.

⁵⁵ City of Emeryville, Emeryville General Plan, 1987, pg III-23.

⁵⁶ Interview with Sean Heron.

⁵⁷ The place with the fewest children (10%) is an unincorporated area in Contra Costa County known as Waldon. Sources: 2000 Census SF1, and State of California, Department of Finance, E-5 City/County Population and Housing Estimates, 1991-2000, with 1990 Census Counts, Sacramento, January 2003, <www.dof.ca.gov/HTML/DEMOGRAP/E-5text.htm>.

⁵⁸ Census 2000, SF1.

⁵⁹ Interview with Stu Flashman.

⁶⁰ The City wrote, "Over the life of the program, the shortage of 3 or more bedroom units for sale in Emeryville has discouraged families from purchasing homes in the city." City of Emeryville, Economic Development and Housing Department, Annual report on First Time Homebuyers Program, FY 01-02, Dec 3, 2002.

⁶¹ City of Emeryville, Memorandum to City Manager from Planning and Building Department RE: Attracting Families with Children, April 25, 2003.

⁶² Both the Emery Bay Club and Apartments II and Bridgecourt were financed with public bonds issued by the City. Emery Bay II, with 260 units, was developed by a non-profit housing organization and Bridgecourt, with 220 units, was developed by Catellus Development Corporation as a requirement for their East Baybridge Center project. Forty percent of the units in both housing complexes have affordability restrictions.

⁶³ City of Emeryville, 2001 Housing Element, 2001.

⁶⁴ Source for percentage of children in East Baybridge: Census 2000, SF1. Source for children in Emery Bay II: Brohpy, Paul and Rhonda N. Smith, "Mixed-Income Housing Factors for Success," Cityscape: A Journal of Policy Development and Research, U.S. Department of Housing and Urban Development, Volume 3, No. 2, 1997.

⁶⁵ City of Emeryville, Emeryville General Plan, 1987, pg III-65.

⁶⁶ Education Data Partnership, Emery Unified School District Enrollment Trends, <www.ed-data.k12.ca.us/district>, under search terms County: "Alameda"; District: "Emery Unified," accessed April 2003.

⁶⁷ Typically, this does not increase the district's operating budget, as the State then decreases its funding by an identical amount. Under the current school financing system, the school district could avoid losing an equal amount of State funds by using pass-through revenues for capital rather than operating expenditures.

⁶⁸ Alameda County Grand Jury, "Education," Alameda County Grand Jury Final Report 2000-2001.

⁶⁹ Ibid.

⁷⁰ Interview with Henry Der, Feb. 20, 2003 and March 24, 2003.

⁷¹ Conversations with parents, EUSD Advisory Board meeting, March 24, 2003.

⁷² Current funding formulas provide the district approximately \$5,500 per pupil.

⁷³ Interview with Forrest Gee.

⁷⁴ Interview with Gisele Wolf.

⁷⁵ The City's second redevelopment area, the Shellmound Project Area, was created after reform to State redevelopment law in 1984 required all new project areas to pass through a minimum amount. The minimum amount is simply a 2% compounded growth of the district's original tax base, as allowed by Proposition 13.

⁷⁶ Public Economics, Inc., Memorandum prepared for the Emery Unified School District, June 17, 2002.

⁷⁷ Correspondence, EUSD State Administrator to John Flores, City Manager, Sept. 26, 2002.

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Chapter 1 of this report documents how the City of Emeryville used its existing advantages along with the powers and resources of redevelopment to facilitate the city's dramatic "boom" in business investment. By analyzing the development agreements the City entered into with businesses, we have shown that the City had the opportunity to set standards and require mitigations that address the social and community impacts of redevelopment. However, the City did not pursue these sorts of benefits in most of its development deals, committing considerable public resources without asking for much in return.

In Chapter 2, we document that the majority of the jobs created over the course of the last decade paid hardship wages. Though Emeryville has created thousands of new jobs, the city does not appear to have contributed to reversing the regional trend of an hourglass economy and may, indeed, have furthered the trend. The regional consequences of this growth in the low-wage service sector are exacerbated by the fact that the City's affordable housing production did not keep pace with increased demand for affordable housing resulting from this growth. Emeryville's redevelopment has resulted in a net revenue gain for the City while leaving other cities the burden of providing affordable housing and public services. The City was in a unique position to help mitigate the regional crises of economic opportunity and affordable housing, and the fact that they did not choose to do so represents a loss to the region.

Chapter 3 shows that two of the dangers of redevelopment for residents have been realized in Emeryville: current residents were displaced as their neighborhood gentrified, while economic hardship increased in another neighborhood as residents were unable to access jobs that would pay sufficient wages to lift their families out of poverty. No framework exists in Emeryville to evaluate the social and economic impacts of development projects on the community and determine appropriate mitigations. With more emphasis on developer obligations to the community, and with a process to fully assess community impacts, the City's redevelopment efforts would have served the community better.

Significance of Findings for Emeryville Residents and Government

The findings of the report demonstrate that the promise of redevelopment was not realized for many residents of Emeryville. For those residents displaced from the North End neighborhood over the past decade, whatever benefits the community will enjoy in the future from redevelopment come too late for them. Remaining residents of the eastern neighborhoods and low-income Emeryville residents have been most impacted by the City's shift away from the vision of the 1987 general plan. A real commitment on the part of the City to attract more family housing,

parks and open space and locally serving retail, and to focus on development projects that contributed to creating a walkable, cohesive community would have dramatically improved the livability and family-friendliness of Emeryville. These residents have also borne much of the brunt of increased traffic due to the city's rapid growth.

Residents and government continue to work to address these issues, through development of a greenway, a multi-purpose recreation facility on the site of the current AC Transit yard, and traffic mitigation efforts. But the scarcity of developable land, the fact that the City did not incorporate comprehensive transit planning into its development planning, and the many obstacles to developing on the AC Transit site mean that some opportunities may have been permanently lost.

The costs of development might, on balance, have been less painful had all residents realized economic benefits from the city's growth. But the city did not prioritize helping residents to access jobs that pay a family-supporting wage. Poverty grew in the Triangle neighborhood even as the city prospered.

Could the City have done better than it did for its residents? After all, local governments do not have a free hand; they must try to accomplish their goals while contending with powerful market forces and limited resources. However, Emeryville was in the uniquely advantageous position of being able to choose, not between development and no development, but what type of development the city wanted for itself. With all its advantages and resources, the City could have driven "harder bargains" with developers and thereby realized more gains for the community. Had City government made it a priority to do so, it could have used its power to shape economic development to help meet pressing community needs. While many Emeryville residents are justifiably proud of what their city has accomplished over the past decade, our report demonstrates that residents are also justified in asking their city to do a better job of planning for the future. Many choices and opportunities lie ahead to make Emeryville a better place to live for all its residents.

Significance of Findings for the Region

The reverberations of Emeryville's boom throughout the East Bay region demonstrate that local economic development does not take place in isolation. The choices that one city makes may have significant consequences for its neighbors. Despite this, few cities currently coordinate on economic development issues. Instead, cities generally compete to attract the same revenue-generating businesses. Some cities, such as Emeryville, compete more effectively than others. As documented in this report, gains made by one city too often come at the expense of others.

Increasingly, local governments are recognizing that regional solutions are needed to address regional crises. In the Bay Area, effective regional coordination structures and processes are in place for transportation policy. But the crises of economic opportunity for low-income residents and affordable housing require the

same systematic, coordinated approach. Without a greater degree of coordination and shared standards, East Bay cities run the risk of simply "exporting" chronic problems from one part of the region to another. While this strategy may be appealing in the short term, no city can isolate itself from regional problems and needs indefinitely. The notion that one city can create a vibrant, diverse economy that benefits all residents, even while its workforce and consumer base reside in neighboring cities facing serious economic crises, cannot be sustained in the long-term.

Independent of the need for effective regional coordination, regional considerations must be given higher priority in local development decisions. Currently, the Environmental Impact Report process allows regional stakeholders to weigh in on the regional environmental impacts of development decisions. The Community Benefits framework, described in more detail in the Recommendations section of this report, creates an analogous process to consider regional social and economic impacts. It allows regional social and economic stakeholders, such as housing advocates, community organizations, social service providers, labor unions, business and local government a forum to ensure that local development meets regional needs. The Community Benefits framework offers an excellent starting point for those concerned about planning for development that works for the region.

Significance of Findings for Economic Development Policymakers and Stakeholders

Decade of Divide, EBASE's report on the impact of the economic boom of the 1990s on the region's working families, documented that many workers did not share in the tremendous wealth created in the Bay Area and the East Bay over the last decade. In essence, the report found that growth alone was not enough to ensure that pressing regional crises of economic opportunity and affordable housing were mitigated. Behind the Boomtown demonstrates that this same pattern can play out in a single city. Dramatic redevelopment and growth cannot, by themselves, create livable cities for all, and may make some conditions worse.

So what can government do to ensure that redevelopment better meets the needs of communities? Redevelopment must be grounded in an objective assessment of the most urgent needs of communities and redevelopment strategy must be tailored to ensure those needs are met. In an economy that is creating a majority of low-wage jobs, simply attracting businesses may create as many problems as it solves. We must prioritize attraction of family-supporting jobs, promote access to these jobs and elevate standards in low-wage industries. In a region where most working families struggle with limited housing options, every large development project should make a contribution to increasing the supply of affordable housing. And in a period where the ability of government to provide basic services for residents is threatened by fiscal crisis, we must ask developers to do more to meet critical neighborhood needs.

Without a deliberate, participatory process and set of standards to ensure that vulnerable communities benefit from redevelopment, they will be left out of the revitalization. We will get, not what we pay for, but what we plan for.

RECOMMENDATIONS

Improving the outcomes of redevelopment for all Californians will require a combination of both local and state policy solutions. While possible solutions to each problem raised in this report are numerous, we highlight concrete solutions that local governments, including the City of Emeryville, can implement. We also highlight important state and Federal policies that promote economic opportunity along with critical state policies that, although challenging, must be undertaken to create better coordination between local governments to provide affordable housing.

Recommendations for Local Government

Accountable Development

Accountable development represents a further evolution of the work of communities across the country to hold economic development accountable to community priorities. A number of proven policy tools already exist to advance this goal. These tools include: Environmental Impact Reports; housing linkage fees and inclusionary zoning laws; living wage policies; First Source hiring policies; targeted tax incentives for job creation; mitigation fees for education and other public services; and a host of reforms to the economic development process. Over the past several years the California Partnership for Working Families has developed and refined tools that build on this foundation and create a more systematic framework to address and improve the community impacts of redevelopment. These include:

- **Community Impact Reports (CIRs).**
A CIR is a comprehensive analysis that measures 1) existing community and regional needs for employment, housing, neighborhood services, environmental quality and livability and 2) the impact of a proposed development project on these needs. Currently, the EIR process allows a fairly comprehensive review of environmental needs and impacts. However, no analogous process exists for measuring a project's social and economic impacts on a community. Therefore, policy makers and community stakeholders must decide whether they support a proposed project without adequate information about its costs and benefits. Similarly, local governments and developers are forced to respond to community concerns in an ad-hoc, inconsistent manner. Community Impact Reports offer the opportunity to create a more comprehensive, balanced process.¹
- **Community Benefits Agreements (CBAs).**
A CBA is a legally binding agreement between a developer, community groups and a local government, setting forth a range of community benefits that the developer agrees to provide as part of a development project. A CBA is the

result of a negotiation process between the developer and organized stakeholders of affected communities, in which the developer agrees to shape the development in a certain way or to provide specified community benefits. In exchange, the community promises to support the proposed project before government bodies that provide the necessary approvals or subsidies. The CBA creates both a process to work towards these mutually beneficial objectives, and a mechanism to enforce the commitments of all parties. Once agreed upon, the CBA is incorporated into the official development agreement for the project. In Los Angeles and San Jose, where CBAs have been successfully negotiated, these agreements have included a range of community benefits, including creation of living wage and/or union jobs; local hiring and job training requirements; affordable housing funds; construction of child care and health care facilities; and utilization of small and local businesses.²

Currently, a group of residents, congregations, housing advocates, labor unions, and social service providers are advocating for a Community Benefits Agreement for the Pixar Animation Studios expansion. The proposed CBA would include affordable housing contributions, job training funds, local hiring commitments, utilization of union labor, and provision of childcare subsidies. The City should support these efforts.

- **Community Benefits Policies (CBPs).**
CBPs pull together accountable development policies under one umbrella. It is in the interest of developers, governments and communities to establish a uniform process for economic development. Community Benefits policies establish thresholds for economic development projects, such as project size or level of public subsidies. They then require that developers complete a Community Impact Report for projects that meet these thresholds. They may also require provision of community benefits, either through creating a process for negotiating Community Benefits Agreements or through creating a "menu" or formula of standard community benefits from which a developer may choose.

The City of Emeryville and other local governments concerned with improving redevelopment outcomes should consider adoption of these policies.

Economic Opportunity

Local governments have grappled for decades with the need to improve economic opportunities for their residents. More recently, many have pursued policies to address growing wage-inequality and economic hardship for working families.

- **Living Wage**
In the last ten years, dozens of local governments across the country and in the East Bay have recognized the inadequacy of the Federal minimum wage by adopting "living wage" laws. The recent success of these living wage campaigns point to an enduring belief by the U.S. public and its officials that people who work hard should be rewarded by a decent standard of living.

Living wage laws require private firms benefiting from public resources to pay a wage that will prevent a family from living in poverty. Some laws apply only to contracted services, but others go beyond this to include subsidy recipients and leaseholders. Other cities have established living wage zones that cover firms benefiting from proximity to public amenities, such as a marina or coast, or target specific low-wage industries. Oakland, Berkeley, the Port of Oakland, and Richmond have all adopted living wage policies with wage requirements run from \$10.87 to \$12.92. The City of Emeryville should consider adoption of a policy that sets a living wage standard for economic development projects or for targeted sectors of the low-wage workforce least able to make ends meet.

- **Local Access to Jobs**

To address the lack of economic opportunities for Emeryville's less affluent residents, the City should create a skills-oriented employment program that connects residents to actual jobs. As discussed in Chapter 3, Emeryville started and then abandoned an attempt in the mid-nineties to improve access for city residents to jobs. The Emeryville JobWorks program was very limited in scope, acting mostly as a job listing service. But for many low-income residents who most need economic opportunity, real access to Emeryville's better jobs requires new skills. One Emeryville company, Chiron, offers mentorship opportunities, and supports Emeryville residents with community college scholarships to help them gain the skills to work at Chiron.³ The City should extend this type of program to other major high-tech and bio-tech firms and provide funding support. Emeryville businesses could reserve a number of positions every year to be filled by this program.

Affordable Housing

In addition to having substantial resources from tax increment to build affordable housing, the City of Emeryville has found creative ways to use those resources, including building affordable housing for seniors, the disabled, people with AIDS, and very low-income residents, that other cities can look to as a model.⁴ However, the City's role in creating low-wage jobs in the region requires that it to do even more to provide workforce housing.

- The City should increase the tax increment set-aside from 20% to 30% as other cities in the region have done, such as Oakland, San Jose, and San Francisco.
- The City should adopt a housing linkage fee similar to Oakland and Berkeley that requires commercial and industrial developers to pay a one-time development fee per square foot towards affordable housing.
- The City should continue to prioritize working with non-profit housing developers as a primary means of creating affordable housing. Non-profits can often find creative and efficient solutions to both financing housing and attracting families.

Family Housing

As we found in the report, Emeryville has provided neither the appropriate housing nor the amenities needed to attract families with children over the last decade. Attraction of families is necessary, however, in order to strengthen the EUSD's enrollment base and to ensure that existing low-income Emeryville families are not displaced by redevelopment.

- The City should immediately adopt a comprehensive strategy and plan to provide the amenities and housing units necessary to attract families.
- The City should revive the proposed policy in the 1987 General Plan that requires developers to reserve 20% of their units for families of three persons or larger. This would require building units of three or more bedrooms. Furthermore, the City should target housing subsidies to family housing.
- The City should increase marketing efforts to families and ensure that they are not being discriminated against in the larger rental complexes.

Displacement

Preventing displacement takes long-term planning and prioritizing resident retention equally with improving land values. In the case of Emeryville's North End, the displacement documented in this report cannot be reversed, but future displacement can be mitigated.

- The City should conduct a survey of North End and Triangle residents to discover the causes of ongoing displacement and to determine solutions to stem it. This is especially important now for the Triangle area, which has a large supply of single-family detached housing.
- The City should consider adopting tenant protection policies similar to those already in place in neighboring cities Berkeley and Oakland, such as just cause eviction and reasonable rent control laws.

Parks and Open Space

In the next few years, the City will finally build parks in Eastern Emeryville that were planned over 15 years ago. The City should plan even more park space to eventually come in line with regional and national standards.

- The City should recommit itself to the 2 acres of park per 1,000 person goal from the 1987 General Plan. The City should commit itself to meeting regional and national standards of park space per person, particularly in eastern Emeryville.

Traffic

The City of Emeryville's capacity to expand its circulation system is limited. Without concerted trip reduction efforts, traffic will only worsen as more jobs, residents and shoppers come to the city.

- The City should redouble efforts to encourage the use of public transportation and work with regional transit agencies to coordinate services. This includes continued support of the Emery-Go-Round shuttle service and trip reduction programs for businesses.
- The city should adopt measures to encourage shoppers to use public transit.

Recommendations for State and Federal Government

Local governments in the U.S. are given both unusual freedom to plan local land uses and unusual responsibility to pay for public services and community needs. As a result, they tend to be more entrepreneurial than their industrialized sister cities in Europe and Asia. To a large degree, local government policies, such as the ones recommended above, can mitigate larger social and economic challenges facing the region or even the nation. However, this autonomy of local government can also lead to a lack of coordination in meeting critical regional needs. Finding comprehensive solutions, then, often requires state or Federal policy. The regional problems created by redevelopment in Emeryville are no exception.

Solutions to the Economic Opportunity Crisis

As we found in Chapter 2, one of the problems created by the incentives that now exist for cities to develop retail, hotels and other revenue generating land uses, is the creation of jobs with wages inadequate to support families. Some of the local government policies discussed above can mitigate the consequences for the regional job market, but state and Federal policy are also critical to addressing family hardship created by the lack of economic opportunity. Important policies that support working families include fair labor protections, minimum wage laws, children's health insurance, and earned income tax credits. Although California currently faces a public budget crisis of unprecedented magnitude, policies that invest in working families have proven to be effective economic stimulus.

The State can also play an important role in coordinating local government redevelopment efforts in order to mitigate negative outcomes on regional labor markets. Unless most cities in a region adopt similar accountable development policies or job standards for redevelopment, those cities without such policies may undermine the efforts of those who do. Through redevelopment law, the State can create both incentives and mandates for all local governments to ensure creation of family supporting jobs when using redevelopment powers and resources.

Solutions to Affordable Housing Crisis

At the core of the regional housing problems created by Emeryville's redevelopment lie problems with the financing of affordable housing. The problem lies with both the size of the funding pie and how it is divided. On the one hand, continued expansion of the low-wage workforce in the East Bay will require city governments, whether Emeryville or others, to provide sufficient affordable housing. Given all of the region's pressing needs, most cities lack sufficient discretionary funding to provide it. Ensuring enough affordable housing just for the new Emeryville workforce would cost \$100 to \$160 million above what Emeryville has already spent.⁵

On the other hand, the underlying public finance incentives for cities like Emeryville to pursue revenue generating development works against construction of affordable housing. First, they create an uneven distribution of public revenues between cities that leaves some cities with an affordable housing burden but insufficient revenues to provide it.⁶ Second, they create disincentives to build housing and non-retail commercial development.⁷

Both of these problems require large-scale policy solutions. They include:

- **Restructure Local Government Finance**

Many solutions have been proposed over the last decade to address the fiscalization of land use problem.⁸ While some are fairly modest, such as sharing new retail sales tax between cities in a region, others propose sweeping changes that return control of property tax to local governments in exchange for the State keeping all sales tax revenues. The State Legislative Analyst's Office has proposed a range of solutions in a recent report that describes both the political difficulties and revenue tradeoffs created by these solutions.⁹ Behind the Boomtown shows that working families, their communities and the region's economic health urgently need policy makers to address the current dysfunctional structure of local government finance.

- **Increase Funding for Affordable Housing**

Few argue that there is no need to address affordable housing market failures in California and most agree that more public financing is needed to address the shortage. California voters recently approved a ballot initiative, Proposition 46, which will raise \$2.1 billion in bond funding to help ensure adequate housing in the state. Most of the proceeds of the bond will fund affordable housing, with \$100 million specifically reserved for workforce housing and financial incentives for local governments to reduce job/housing imbalances. These revenues will increase affordability of housing for nearly 100,000 Californians on an annual basis, including both renters and homeowners.¹⁰ However, as our regions continue to grow in both jobs and population, this funding will soon run out. The State should continue to plan for future affordable housing needs and keep affordable housing at the top of its budget priorities even in the midst of its fiscal crisis.

ENDNOTES: CONCLUSIONS AND RECOMMENDATIONS

¹ For an example of a Community Impact Report, see the Los Angeles Alliance for a New Economy web page, <www.laane.org>.

² Gross, Julian, Greg Leroy, and Madeline Janis-Aparicio, Community Benefits Agreements: Making Development Projects Accountable, Good Jobs First and the California Public Subsidies Project, 2002.

³ Interview with Jay Grover.

⁴ City of Emeryville, Planning Department, Housing Element of the Emeryville General Plan, October 2001.

⁵ As we found in Chapter 2, new worker households outpaced Emeryville housing construction by three to one. This estimate assumes public subsidies of \$60,000 to \$100,000 per household.

⁶ Fortunately, the State has required that, in exchange for redevelopment powers, at least 20% of tax increment must be spent on housing. But, as we show, even this level of funding fell far short of the need.

⁷ The issue is not just that local governments have incentives to generate retail sale tax. Adding new housing stock generates more expenses for public services than it adds in revenue. Source: Lewis, Paul G., and Elisa Barbour, *California Cities and the Local Sales Tax*, Public Policy Institute of California, 1999.

⁸ See the conclusion of Lewis, Paul G., and Elisa Barbour, *California Cities and the Local Sales Tax*, Public Policy Institute of California, 1999.

⁹ California Legislative Analyst's Office, *Reconsidering AB8: Exploring Alternative Ways to Allocate Property Taxes*, February 3, 2000.

¹⁰ California Legislative Analyst's Office, *Proposition 46, Housing and Emergency Shelter Trust Fund Act of 2002*, <http://www.lao.ca.gov/initiatives/2002/46_11_2002.htm>.

APPENDIX A: Job Growth By Occupation and Industry

Table A.1: Growth by Industry, Emeryville, 1991-2000

Industry	Number of Jobs		Growth	Change
	1991	2000		
Computer And Data Processing Services	782	2065	1,283	164%
Management And Public Relations Services	219	1,142	923	421%
Local Government	233	928	695	298%
Eating And Drinking Places	800	1,236	436	55%
Groceries And Related Products (Wholesale)	147	568	421	286%
Furniture And Home Furnishings Stores (Retail)	76	474	398	524%
Radio, Television, And Music Stores (Retail)	51	375	324	635%
Grocery Stores	61	282	221	362%
Miscellaneous Food Stores (Retail)	67	255	188	281%
Miscellaneous Shopping Goods Stores (Retail)	76	223	147	193%
Plumbing, Heating, Air Conditioning	91	202	112	123%
Mailing, Reproduction, Stenographic	127	222	96	76%
Misc. Special Trade Contractors	340	419	79	23%
Furniture And Home Furnishings Stores (Retail)	76	141	64	84%
Personnel Supply Services	262	319	57	22%
Lumber And Construction Materials	35	84	49	142%
Masonry, Stonework, And Plastering	73	120	47	65%
Commercial Printing	121	163	42	35%
Legal Services	69	109	40	58%
Residential Building Construction	138	175	37	27%
Total, Top 20 Industries	3,843	9,501	5,658	147%

Source: California Employment Development Department (3-digit SIC level)

Table A.2: Growth by Occupation, Emeryville, 1991-2000

Occupation Title	Number of Jobs			Median
	1991	2000	Growth	Wage
Retail Salespersons	133	515	381	9.24
Cashiers	99	391	293	8.27
Computer Software Engineers, Applications	144	301	157	39.90
Comb Food Prep & Serving Workers, Incl Fast Food	196	349	153	7.2
Computer Programmers	113	262	149	36.09
General & Operations Managers	173	303	130	40.76
First-Line Sups/ Mgrs of Retail Sales Workers	43	164	120	16.39
Office Clerks, General	192	306	113	12.81
Computer Support Specialists	89	198	109	22.24
Waiters & Waitresses	173	274	101	7.14
Bookkeeping, Accounting, & Auditing Clerks	103	198	94	16.93
Stock Clerks & Order Fillers	81	175	94	11.41
Laborers & Freight, Stock, & Material Movers, Hand	162	252	90	10.61
Executive Secretaries & Administrative Assist	147	237	90	19.15
Customer Service Representatives	119	207	88	15.39
Management Analysts	39	121	82	35.40
Computer Software Engineers, Systems Software	60	141	81	39.27
Sales Reps, Wholesale & Mfg, Ex Tech & Scientific	165	234	69	23.66
Police & Sheriff's Patrol Officers	23	91	68	32.12
Packers & Packers, Hand	75	143	68	9.23
Total, Top 20 Occupations	2,330	4,860	2,530	

Source: California Employment Development Department

APPENDIX B: Basic Family Budget Described

The California Budget Project (CBP), a non-partisan policy organization, has calculated basic family budgets for major urban and non-urban regions of California, including the Bay Area. Three family types are considered - single parent with two children, two adults with two children (one adult working) and two adults with two children (both adults working). The costs included reflect a bare bones, no frills budget, with no savings, education or entertainment spending. The purpose of this tool is to calculate the costs of raising a family for three prototypical families, using estimates of actual costs in the region. This budget assumes no government assistance, and does not include savings.

Table A.1 shows that two parents raising two children in the Bay Area required at least an income of \$42,304 in 2001, assuming that one parent stays home to care for the children. This translates into a full-time, year round job wage of \$20.34. A single parent needed to work full time at a wage of \$25.99 to cover child-care and make ends meet with an annual budget of over \$54,069. Finally, two working parents needed to earn \$14.81 an hour each to pay for nearly \$61,593 of basic family needs. This is lowest wage on which a family of four could be self-sufficient in 2001, without government assistance.

Table B.1: Basic Family Budget (2001 Dollars)

	Single Parent + 2 Children	Two Parents (1 working) + 2 Children	Two Parents (2 working) + 2 Children
Basic Needs			
Housing/ Utilities	\$1,270	\$1,270	\$1,270
Child Care	\$1,032	\$0	\$1,032
Transportation	\$274	\$274	\$494
Food	\$445	\$638	\$638
Health Care	\$329	\$391	\$391
Miscellaneous	\$341	\$429	\$429
Taxes	\$815	\$523	\$879
Monthly Total	\$4,506	\$3,525	\$5,133
Annual Total	\$54,069	\$42,304	\$61,593
Wage if Full Time Worker	\$25.99	\$20.34	\$14.81

Source: California Budget Project

APPENDIX C: Highlight of Worker Survey

We surveyed 280 non-managerial retail and hotel workers out of an estimated 1,181 from the four projects, resulting in a survey rate of 25%. The survey sample was non-random, and included first line supervisors, head cashiers and skilled workers such as technical trainers, interior designers and contractors. We excluded employees with high-level management responsibilities, such as general, administrative, financial and facilities managers. (See Methodology for a more full discussion.) The surveys were conducted from October through December 2002. The top five jobs held by survey participants are retail sales associate (23%), cashier (19%), cleaners/ cart retrievers (19%), stock clerk (17%) and first line supervisors (7%).

Job Profiles

■ Wages

The median wage for all respondents is \$10.04 an hour. 90% of all workers make less than \$15 an hour. About 10% of the workers receive some form of additional non-wage compensation, such as commission, tips, or weekend incentive pay.

Using the same poverty and basic family budget thresholds from the previous section, we determine that our typical families of three and four persons would have great difficulty finding jobs with these employers that allow them to make ends meet (see Chapter II, Table 2.4). For the single parent with two children, four out of five jobs would pay less than the 200% poverty level and all the jobs would pay less than what is needed to meet the basic family budget threshold.

■ Job Stability

Many of the projects have opened within the last two years; only the East Baybridge center has been open long enough to assess job stability. Employee turnover at East Baybridge Center stores was high – over 56% had worked there less than one year. Only 17% had worked with their employer for more than two years.

Most workers surveyed were full time and worked throughout the year. About one out of three jobs were less than 35 hours a week. Half of the surveyed workers stated that their schedule rarely changes. Only 30% of respondents said that their schedule changes from week to week. Two out of three workers reported that their Emeryville job provided a source of income that was steady from one paycheck to the next.

■ Health Insurance

Compared to other industries, the retail and hospitality sectors provide the lowest standard of health insurance to workers. Slightly more than half of surveyed workers (56%) said that they received health insurance from their employer. This is in line with research that shows 55% of retail and wholesale employers in California offer health insurance.¹ In general, this rate of coverage is 5% to 30% lower than in other industries.² Of the surveyed workers receiving health insurance, three out of four (77%) reported co-pay requirements for each doctor visit. Ninety percent of these workers pay \$10 or more compared to 66% on average across the State. Forty-three percent of surveyed workers reported paying monthly contributions to the costs of their employer sponsored health plan

compared to twenty-four percent throughout California in all industries. Of the workers that contribute towards the monthly cost of health insurance, more than half pay at least \$80 monthly. This amount represents approximately five percent of the earnings for the typical respondent making \$10 an hour.

■ Other Benefits

Respondents seemed very unclear about the time off benefits that they receive. Answers from workers in the same store to questions about the number of holidays, sick leave and vacations varied unpredictably. Nearly one out of three workers responded, 'I don't know' on whether they receive paid vacation. This suggests, in general, that either these benefits do not exist or employers do not communicate them clearly to workers.

■ Training and Advancement

Two primary mechanisms for worker advancement on the job are to obtain more education and to receive employer sponsored skills training. Respondents reported that initial training for their position was low if the median period was 16 hours. One-third of the workers receive eight hours of training or less. Over half of all workers said that they receive little or no ongoing training. Of those respondents who receive some or a lot of training, most is related to safety, company policies, product knowledge, and customer service. About 10% receive training in new skills and 3% receive management training. While these findings are not sufficient to conclude whether opportunities for advancement exist, they do suggest that few employers are investing in creating such opportunities through on the job training.

Worker Profile

■ Demographic profile

The majority of surveyed workers are persons of color, with over half responding as African-American (See Table C.1). Only 13% of workers indicated white as their race. A slight majority of respondents (53%) are women. The workforce is young if half of the workers are 24 years or younger. Many of these younger workers are college students. Approximately one in four workers said they were enrolled in a four-year college. That said,

Table C.1: Demographic Profile of Surveyed Workers

Sex	
Female	53%
Race	
Black/ African-American	54%
Latino/ Latina	8%
Native American	2%
Asian/ Pacific Islander	14%
White	12%
Other	2%
More Than One Race	8%
Age	
Average	29
Median	24
Education	
High School or Less	50%
Technical or Some College	36%
BA or More	14%
Enrolled in School	34%
High School/ GED	3%
Technical College	3%
Four Year College	27%
% Immigrant Workers	14%

Source: Authors' Worker Survey

one-third of the workers are over 30 years old and 50% of all workers have a four-year college degree or have attended college.

■ **City of Residence and Commute**

Workers in the surveyed stores and hotels live in cities throughout the East Bay, but most live in nearby cities. Nearly half live in Oakland, 10% live in Emeryville and 6% live in Berkeley. Another 19% live within fifteen miles, in cities such as Alameda, Albany and San Leandro. The remaining 16% live as far away as Brentwood, Concord, and Livermore. Respondents reported an average commute time to Emeryville of 20 minutes with a median time of 15 minutes. Three out of four workers (74%) arrive by auto, with approximately 15% of auto commuters participating in a carpool. About 18% arrive by public transit, 6% walk and 2% bike.

■ **Job Tenure**

The majority of workers (62%) have two years or less of work experience in their occupation. However, 20% have two to five years and another 18% have more than five years experience.

Family Profile

■ **Worker Households**

Despite the overall young age of this group of workers, most are part of family household arrangements that include children. Surveyed workers live, on average, in households of 3.4 people, considerably larger than Emeryville residents' average household size of 1.7. Three out of four (75%) live with at least one family member. Only 10% reported living alone. Furthermore, 46% of all workers live with at least one related child under 18 (not including the respondent).

■ **Worker Contribution to Family Budgets**

Emeryville retail and hotel employees generally work 40 or more hours a week and are important contributors to household income. One in four workers have more than one job. Nearly all (97%) work more than 20 hours a week. Sixty-eight percent (68%) work 40 hours or more per week and nearly three out of four (73%) work full time by government standards (35 hours a week). One out of four workers (25%) go beyond a typical work-week by working more than 40 hours a week. In terms of household income, 58% pay half or more of the bills in their household. Only 9% do not contribute anything to household bills.

■ **Single Parent Families**

Of all workers surveyed, 16% are raising children with no other adults in the household. Two out of three of these single earner families are African American women and most of them (74%) reported an annual income less than HUD's very-low income limit.

■ **Household Income**

Two thirds of workers' households (63%) had an income in 2001 of less than \$35,000. Two out of five (42%) had incomes below \$25,000. Over two out of five workers' families (45%) are low-income by HUD definitions.

¹ Kaiser Family Foundation and Health Research and Educational Trust, California Employer Health Benefits Survey, March 2001, Chart # 18.

² See Kaiser Family Foundation and Health Research and Educational Trust, California Employer Health Benefits Survey, March 2001, Chart # 3; Brown, Richard, Ninez Ponce, Thomas Rice, Shana Alex Lavarreda, The State of Health Insurance in California: Findings From the 2001 California Health Interview Survey, UCLA Center for Health Policy Research, June 2002; and Medoff, James, Howard Shapiro, Michael Calbrese and Andrew Harless, How the New Labor Market is Squeezing Workforce Health Benefits, Center for National Policy, June 2001.

APPENDIX D: Emeryville Housing Production

Table D.1 Housing Units Constructed, 1990-1998

Year	Project	Affordability Unit Types						Aff Rate	Special Needs	Units By No Bedroom					%
		Total Units	Mkt*	Very Low	Low	Mod	Tot Affd			Studio	1BR	2BR	3BR	2BR+	
1990	Krausen	2	1			1	1	50%			2				0%
1990	Second Unit	1	1					0%			1				0%
1990	Emeryville Business Center	6	3			3	3	50%		6					0%
1990	Second Unit	1	1					0%				1			100%
1990	Sailer et al	3	2			1	1	33%		L/W		2	1		100%
1991	Co-Housing	12	7			5	5	42%		L/W	7	3	2		42%
1992	Emery/45th	6	3			3	3	50%		L/W	6				0%
1993	Emery Villa	50		50			50	100%	Seniors	†	12	38			0%
1993	Affordable Condos (VHP)	4			3	1	4	100%				2	2		100%
1993	Affordable Condos (VHP)	2			1	1	2	100%				1	1		100%
1993	Emery Bay Apts. II	260	156	52	52		104	40%		100	45	39	76		44%
1993	Horton St. Lofts	15	8			7	7	47%		L/W	15				0%
1994	Powell St. Lofts	10	5			5	5	50%		L/W	10				0%
1994	Triangle Court	20		9	11		20	100%	Families		2	14	4		90%
1994	3622/24 Adeline St.	2	1			1	1	50%		L/W	2				0%
1995	Temescal Lofts	4	2			2	2	50%		L/W	4				0%
1995	Christie Commons	22	12			10	10	45%		L/W	22				0%
1996	Ocean Ave. Court	6		6			6	100%	Disabled			2	4		100%
1997	Ocean Ave. Lofts	5	3			2	2	40%		L/W	5				0%
1997	Bridgecourt	220	132	24	64		88	40%			106	114			52%
1997	Holden Live/Work	1	1					%		L/W	1				0%
1998	Affordable Condos (VHP)	5			3	2	5	100%				2	3		100%
1998	Baybridge Apts.	6		6			6	100%	AIDS		6				0%
Subtotal 1990-1998		663	338	147	134	44	325	49%		180	210	180	93		41%

* Market rate, or above moderate-income units. Source: City of Emeryville

Table D.2: Housing Units Constructed, 1999-2002

Year	Project	Affordability Unit Types					Total Units	Mkt*	Very Low				Tdt Affd	Aff Rate	Special Live/ Needs	Units By No. Bedroom				% 2BR+
		Low	Low	Mod	Mod	Mod			Studio	1BR	2BR	3BR								
1999	Emeryville Warehouse	142	116	2	24					26	18%	L/W	142						0%	
2000	Avalon Senior Apartments	67	1	66						66	99%	Seniors	10	50	7			10%		
2000	Gateway Commons	8		3	5					8	100%	L/W	5		3			38%		
2000	Dollar Lofts	20	20								0%		20					0%		
2000	Ocean Ave. Lofts	6	6								0%		6					0%		
2002	Oliver Lofts	50	40							10	20%		50					0%		
2002	Terraces at Emery Station	101	81							20	20%		7	52	42			42%		
2002	Remar Bakery Lofts	41	33							8	20%	L/W	41					0%		
2001	Ownership Housing Program			30	-30															
Subtotal 1999-2002		435	297	66	35	37				138	32%		139	244	52	0		12%		

Source: City of Emeryville

Table D.3: Housing Units Under Construction or Planned, 2003-2004

Year	Project	Affordability Unit Types					Total Units	Mkt*	Very Low				Tdt Affd	Aff Rate
		Low	Mod	High	Very High	Types			Low	Mod	High	Very High		
2003	Bay Street	365	308	57									57	16%
2003	46th St. Lofts (Flecto)	45	36							3	6		9	20%
2003	Green City Lofts	31	25								6		6	19%
2003	Andante Apartments	102	82							10	10		20	20%
2003	Elevation 22	71	57							14	14		14	20%
2003	Liquid Sugar Housing	55	44								11		11	20%
2004	Key Route Lofts	17	17											0%
2004	Reyerson	331	265							66			66	20%
2004	Fabco	31	22							9			9	29%
2004	1401 Park	53	42							11			11	21%
Subtotal 2003-2004		1,101	898	57	13	133							203	18%

Source: City of Emeryville

Table D.4: Total Housing Units Constructed or Approved in Emeryville, 1990-2004

Period	Affordability Unit types					Total Affd	Units By No Bedrooms					2BR+ %
	Total Units	Mkt	Very Low	Low	Mod		Aff Rate	Studio	1BR	2BR	3BR	
1990-1998	663	338	147	134	44	325	49%	180	210	180	93	41%
1999-2002	435	297	66	35	37	138	32%	139	244	52		12%
2003-2004	1101	898	57	13	133	203	18%	n/a	n/a	n/a	n/a	n/a
Grand total	2,199	1,533	270	182	214	666	30%	319	454	232	93	30%

Source: City of Emeryville

Table D.5: Emeryville Progress Towards ABAG Housing Goals, 1999-2006

	Very Low	Low	Moderate	Mkt Rate	Total
Units Built, Under Construction or Permitted to 2004*	123	33	159	1,091	1,406
ABAG requirement	178	95	226	278	777
Percent of goal	69%	21%	87%	430%	198%

*Data for demolitions and rehabilitated units, 1999-2004, were not available. According to the City's 2002 Mid-Cycle Implementation Plan Amendment, the City sets aside \$100,000 per year for rehabilitation.

Source: City of Emeryville

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- Ruth Atkin, City Councilmember, City of Emeryville, April 11, 2002.
- Pat Cashman, Project Director, Surplus Property Authority Alameda County Community Development Agency, Formerly of Catellus, January 3, 2003.
- Sam Combs, Manager, Toys R Us, February 6, 2003.
- Shih-Tso Chen, Principal, Orient & Western Holdings Corporation, February 11, 2003.
- Nora Davis, City of Emeryville Councilmember, and Patrick O'Keeffe, Director of Department of Economic Development and Housing for City of Emeryville, February 24, 2003.

Henry Der, State Administrator, Emery Unified School District, February 20, 2003, and March 24, 2003.

Forrest Gee, Advisory Board president, Emery Unified School District, February 14, 2003.

Ron Gerber, Redevelopment and Economic Development Administrator, City of Novato, Formerly of Emeryville RDA, December 19, 2002.

Ignacio Dayrit, Project Manager, City of Emeryville, February 28, 2002, and January 21, 2003.

Jay Grover, Director of Government & Community Relations for Chiron, February 11, 2003.

Greg Harper, Former City Councilmember, February 13, 2002 and February 26, 2003.

Eric Hohmann, Vice President, Development, Madison Marquette Development, January 7, 2003.

Glen Isaacson, Principal, CMA - Conversion Management Associates, Inc., January 23, 2003.

Steven R. Meckfessel, Principal, SRM Associates, December 17, 2002.

Angel Norris, Secretary, Parent Club, Anna Yates Elementary School, March 7, 2003.

Chuck Pacioni, Hotel Manager, Marriott Courtyard, December 10, 2002.

Karan Reid, Accounting Manager, City of Emeryville, February 10, 2003.

Carlos Torres, Store Manager- SportMart, December 2, 2002.

Gladys Vance, former School Board member, Emery Unified School District, March 7, 2003.

Gisele Wolf, former School Board member, Emery Unified School District, February 20, 2003.

Interviews Conducted by Jessica Scheiner

Bob Canter, Executive Director, Chamber of Commerce, April 9, 2002.

Dana Engen, Triangle neighborhood resident and member of Emeryville's Housing and Energy Commission, April 10, 2002.

Stu Flashman, Former City Councilmember, March 6, 2002.

Andrew Getz, Former Planning Commission Chair, February 19, 2002.

Amy Heistand, Emeryville Redevelopment Agency, March 15, 2002.

Barbara MacQuiddy, North End neighborhood resident, member of Doyle Street Neighbors organization, March 8, 2002.

Jim Martin, former Planning Commissioner, North End neighborhood resident, and member of Doyle Street Neighbors organization, March 8, 2002.

Wendy Silvani, Director of the Emeryville Transportation Management Association, March 14, 2002.

Michael Southworth, UC Berkeley, Professor of City and Regional Planning, February 21, 2002.

Ellen Whitton, City of Emeryville employee since 1989, Spring 2002.

Jeannie Wong, Emeryville Police Commander, April 25, 2002.

METHODOLOGY

LABOR MARKET ANALYSIS METHODOLOGY (TABLES 2.2 AND A.2)

Data Sources

Our analyses of labor market outcomes in Emeryville required four estimations: 1) total growth in Emeryville employment, 2) growth by sector, 3) growth by occupation and 4) wages by occupation. We used three state data sources to make these estimates.

- We used Covered Employment and Wages, or ES202, program to create basic estimates of job growth by industry in Emeryville for the period 1991-2000.
- We used the California Industry Occupational Matrix 2000-2010 to create a model for the occupational staffing patterns of existing Emeryville industries.
- We used 2001 Metropolitan Area Occupational Employment and Wage Estimates for the Oakland Primary Metropolitan Statistical Area (Contra Costa and Alameda counties) to estimate wages for occupations.

The latter two sources are products of the annual Occupational Employment Statistics (OES) survey. Both ES202 and OES are cooperative programs of the state EDD and the U.S. Department of Labor Bureau of Labor Statistics (BLS).

We describe them in more detail below.

ES202, a joint state-federal program, requires employers subject to state unemployment insurance laws to submit quarterly employment and payroll reports. The data under the ES202 program are classified by industry. Data for years up to and including 2000 are classified by the Standard Industrial Classification System (SIC). Starting in 2001, data are classified by the North American Industrial Classification System (NAICS). The EDD makes this data available to the public, subject to certain confidentiality restrictions. Employment figures are suppressed for industrial classifications where an establishment's identity could be determined from the data. ES202 data was obtained from the EDD by custom data request. Further information about ES202 can be found at the EDD website <http://www.edd.ca.gov/>.

The California Industry Occupational Matrix is developed by the EDD from the Occupational Employment Statistics (OES) survey, an annual survey that measures employment and wage rates for over 760 occupations in California. Occupations on the occupational matrix are classified by the Standard Occupational Classification System (SOC), also used by the Census Bureau. The matrix combines employment data (SOC) with industry data (SIC). It shows, for each industry in California, how many people work in the different occupations that make up that industry. The Industry Occupational Matrix was obtained from the EDD by special request.

The Metropolitan Area Occupational Employment and Wage Estimates are based on the OES survey as well. It estimates employment numbers and median wage for each occupation in metropolitan areas in the United States. The occupations are classified using the SOC system. Occupational Employment and Wage Estimates for the Oakland PMSA are available from both the EDD and the BLS. This study uses estimates from BLS, available at <http://www.bls.gov/>.

Analysis Method

We used 3-digit SIC, ES202 data to estimate employment growth by industry for Emeryville from the years 1991 to 2000. There were several limitations to this data. First, because of the small size of Emeryville, the Employment Development Department does not make available city level data for confidentiality purposes. The lowest available geographical level is the Emeryville ZIP code, which extends beyond the city's borders.¹ Second, employment data for small industries or industries dominated by one firm are suppressed for confidentiality purposes. For the 1991 industrial data, 8,920 Emeryville jobs out of 14,360 (62.1%) are in non-suppressed industries. For the 2000 data, 14,461 out of 20,083 jobs² (72%) are in non-suppressed industries. The total increase in jobs over the time period was 5,723.

Our first step in the analysis was to exclude industries for which EDD had suppressed data (for confidentiality purposes) in either 1991 or 2000. This resulted in the exclusion of 986 jobs in 1991 and 1,296 jobs in 2000. However, of the 5,723 new jobs in Emeryville, 82% (4,874) occur in non-suppressed industries. Therefore, only 849 jobs created from 1991-2000 are excluded from our wage analysis.

We then used the statewide California Industry Occupational Matrix to determine the proportion of different occupations employed in each Emeryville industry. For example, the Occupational Matrix lists 5,400 construction managers within the Residential Building Construction industry, or 5% of the 108,200 Californians employed within that industry. By applying this 5% to the 175 employees within the same industry in Emeryville, we determined that there were 8.73 construction managers in Emeryville. Based on the same process, we determine the number of construction managers employed in all other Emeryville industries, to arrive at a total of 39.8 construction managers in the city.

Our application of California staffing patterns to Emeryville data introduces two methodological issues. First, the California staffing pattern is compiled from the OES survey excludes agricultural production, forestry, and private household employment. Consequently, no occupational staffing pattern is available for these industries. In Emeryville, a total of 54 jobs in 1991 and 21 jobs in 2000 fall under these industrial categories. It is not possible to classify these jobs by occupation for the purpose of obtaining the median wage, and they are not represented in our wage analysis of jobs created from 1991 to 2000. Second, our use of the California staffing data assumes a similar distribution of occupational employment in Emeryville as at a state-wide level.

After determining the total employment by occupation from the steps above, we matched occupations to wages using the Oakland Occupational Employment and Wage Estimates. For example, the median wage for construction managers in the Oakland PMSA was \$37.52 per hour in 2001. Thus, we estimate that there are 39.8 construction managers in Emeryville, compensated at a rate of \$37.52 per hour. Using this method, we were able to estimate wages for nearly all occupations that saw job growth from 1991 to 2000. Table A.2 in Appendix A shows the top 20 occupations by job growth with their corresponding wages.

Two methodological issues are worth noting. First, a residual occupational category, "All Other," which appears in all of the major occupation groups on the California staffing pattern, is not featured in the Oakland PMSA occupational wage data. It is not possible to obtain a median wage for occupations in the "All Other" classification; jobs within these occupations are excluded from our wage analysis. Second, workers who typically work fewer than 2,080 hours per year, such as primary school teachers, are excluded from the Occupational Employment and Wage Estimates. In Emeryville, only 114 out of 4,988 jobs (new jobs reported in non-confidential industries) created from 1991 to 2000 fall into these categories.

After all steps of our analysis, we were able to determine wage levels for 4,874 (85%) of 5,723 jobs created between 1991 and 2000. For table 2.2 we assume that the additional 15% of jobs not in our analysis have a similar wage distribution as the known 85%.

METHODOLOGY FOR HOUSING ANALYSIS (TABLES 2.7 AND 2.8)

For both our job creation/housing production comparisons, we obtained data on all constructed and planning-approved housing units in Emeryville during the period 1990 to 2004 from various documents and conversations with City staff (see Appendix D for the full list of sources). Our analysis follow the methodology used by David Paul Rosen and Associates in their feasibility study for the Oakland linkage fee.³ For income thresholds, we use the U.S. Department of Housing and Urban Development's affordable housing income thresholds for 2001.

Analysis for Table 2.7

This table compares Emeryville's housing production between 1991 and 2004 to the number of new low-income households created by new jobs, 1991 to 2000.

First, we estimated the number of households created by job growth in Emeryville over the time period. For all occupations that we had obtained wage data (4,874), we adjusted total employment by a factor of 1.17 to bring the total number of new jobs to 5,723. We assumed here that the distribution of wage levels in the 4,874 known occupations does not differ significantly from the distribution of wages in the 849 new jobs excluded from our analysis.

We then divided the total number of jobs created by the average number of working adults in each East Bay household, or 1.56, to estimate the number of households.⁴ This step assumes that all workers in Emeryville live within the East Bay. Our retail survey revealed that while many Emeryville retail workers travel more than 15 miles to work, less than 7% live outside the East Bay.

As a next step, we estimated an annual income for each worker's household. We multiplied each occupation's hourly wage by 2,080 hours to estimate annual earnings. We then multiply annual earnings by the number of workers per household (1.56) to generate an annual income for each household in that occupation. This assumes that all workers in a given household earn similar wages. For example, each cashier would earn \$17,201 and each cashier household would have an annual income of \$26,863.

We then assigned a household size to each worker. This step is necessary as the income thresholds used by HUD vary by household size. We distributed the households in each occupation across the range of household sizes - one, two, three, and four or more persons - by applying the same proportion of actual households of a particular size in the East Bay.⁵ These proportions are 25% for 1 person, 31% for two persons, 17% for three persons, and 28% for four persons or more. So, of the 220 Cashier households, 54 are one person households, 68 are two person households, etc..

After sorting each occupation's households into sizes, we sorted the households into the appropriate income bracket. For example, the 54 cashier households, which have annual incomes of \$26,863, all fell into HUD's very-low income category.

Analysis for Table 2.8

This table compares a smaller set of new jobs created in five redevelopment projects to housing creation - the East Baybridge Retail Center, IKEA, Bay Street, Marriott Courtyard Hotel and Woodfin Suite Hotel. These projects were built between 1994 and 2004. We estimated employment in each store and hotel through a combination of manager interviews and estimations based on our worker survey (see next methodology section). We could not use the wages from our survey, however, as sample sizes for individual occupations were too small. Instead, we assigned each store, project or hotel an appropriate SIC code and performed the same analysis as above to arrive at a distribution of households by income category.

EBASE RETAIL AND HOTEL WORKER SURVEY

In order to better understand working and living conditions for low-wage workers in Emeryville, EBASE surveyed hotel and retail workers from four Emeryville redevelopment projects: East Baybridge Retail Center, IKEA, Marriott Courtyard Hotel and Woodfin Suite Hotel. We conducted the survey from October 23rd through December 15th, 2003.

We estimate that total employment at all stores and hotels is 1,181. The stores and estimation for employment are as follows. EAST BAY BRIDGE: Pak N' Save (125) - interview with manager; CompUSA (60) - estimation based on surveys; Office Max (25) - estimation based on surveys; SportMart (35) - interview with manager; Home Depot (313) - interview with personnel staff; Michaels (45) - interview with manager; Expo Design Center (40) - estimation; Toys R' Us (45) - interview with manager; small retail and fast food (20) - estimation based on surveys. IKEA: (313) - based on City of Emeryville survey, June 2002. MARRIOTT COURTYARD HOTEL: (80) - based on interview with Chuck Pacioni, General Manager. WOODFIN SUITE HOTEL: (60) - based on personal communication with Dee Davies, General Manager.

Survey Method

The survey was administered by our survey team members and took approximately 15 to 20 minutes. All respondents were informed that the survey would remain confidential and that no single person would be identifiable in the final results. We offered \$20 Safeway gift cards as an incentive to complete the survey. For a copy of the survey, contact EBASE's research staff at (510) 893-7106.

Sampling Technique

As we could not gain access to all employee records at all stores and hotels, we used a convenience sample method to survey workers. A team of four U.C. Berkeley undergrad and graduate students conducted the surveys. We first requested store and hotel managers to interview workers in break rooms. If this was not possible, we approached workers outside their place at work and requested their time. To penetrate more deeply into the stores, we handed out information cards to respondents to pass to their colleagues. The cards announced the survey and incentives and gave a phone number to call our offices. The vast majority of workers that we approached agreed to do the survey.

We attempted to not survey top level managers, such as general or assistant managers, as we did not think we could obtain a meaningful sample size for analysis. We attempted to survey approximately 25% of workers from each store or hotel. We also varied our survey times to catch night shift workers and other employees working irregular hours.

By the end of the survey period, we had surveyed 280 workers. This represents approximately 25% of the total number of employees at these establishments. Only twenty six surveys were conducted by phone.

Survey Analysis

For the survey analysis, we weighted each respondent by a store weight to achieve the proper proportion of employees from all stores. The weights ran from 1.6 for CompUSA (37 workers surveyed) to 6.1 for IKEA (55 workers surveyed).

ENDNOTES: METHODOLOGY

¹ To assess the appropriateness of using ZIP 94608 employment data as a proxy for Emeryville employment, we conducted a visual survey of the ZIP 94608 area outside of Emeryville proper. We estimate that non-Emeryville establishments within ZIP 94608 employ approximately 2,000 workers. Subtracting 2,000 from 19,750 (the unadjusted ES202 employment total for ZIP 94608) gives an estimated Emeryville employment of 17,750. The Economic Development Alliance for Business (EDAB), a public/private partnership organization that has access to full confidential EDD data at the city level, estimates total Emeryville employment in 2001 at 17,510. This suggests that slightly over 10% of the jobs in our data set are located in the non-Emeryville area of ZIP 94608. While there are significant differences in the nature of commercial and industrial activities conducted on either side of the Emeryville border, we conclude from our survey that non-Emeryville firms in the data do not account for a significant portion of job growth over the period 1991-2000. Therefore, for the purposes of the analysis of new jobs, ZIP 94608 should be a reliable proxy for Emeryville proper.

² Year 2000 ES202 employment figures are adjusted upward by 333 workers to account for IKEA Home Furnishings, which began operating in 2000, but did not report under ES202 during the year. We place these workers in SIC 571 (Furniture and Home Furnishings) for the industrial growth analysis in order to make obvious to the reader IKEA's contribution to growth. We placed it in SIC 594 (Misc. Shopping Goods Stores) for the purpose of determining occupation/wage levels as this SIC is more appropriate for the composition of the IKEA workforce.

³ David Paul Rosen & Associates, Commercial Development Linkage Fee Analysis, submitted to City of Oakland, September 13, 2001

⁴ Census 2000, SF1, for Alameda and Contra Costa Counties combined.

⁵ Census 2000, SF1, for Alameda and Contra Costa Counties combined.

⁶ City of Emeryville, Finance Department, City of Emeryville Comprehensive Annual Financial Report Year Ended 2002.

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