THE RESIDENCES AT BERKELEY PLAZA

Documentation of Project Significant Community Benefits
for the City of Berkeley
October 20, 2014
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1. INTRODUCTION AND SUMMARY

The Residences at Berkeley Plaza (Berkeley Plaza) at 2211 Harold Way is the first project to request approval under the Downtown Area Plan (DAP), and its 2012 implementation in the Zoning Ordinance, for community consideration of one of three allowable buildings at 180 feet in height. Beyond the project’s numerous inherent benefits to the community, such as new housing in a transit-oriented location, the package of community benefits assembled for the Berkeley Plaza project well exceeds the Zoning Ordinance’s requirement for “significant community benefits...beyond what would otherwise be required by the City.”

*Berkeley’s Downtown Area Plan has been recognized for its leadership in land use policy development by both the California Chapter and the National American Planning Associations.*

Policy Context

Berkeley’s DAP was created through an extensive community process involving a broad community coalition and is based on a careful balance of objectives and implementation strategies that encourage new mixed-use development. The implementing zoning, adopted by the City Council after receiving overwhelming community support, leverages development to recapture value in the form of community benefits. The DAP, as implemented in the
Downtown Mixed Use District (C-DMU) chapter of the City’s Zoning Ordinance, requires two levels of community benefits for new buildings in the Downtown.

The first are new quantified, empirical standards that apply generally to any new development project and are written as standards in the C-DMU or are included as conditions or mitigations as required by the DAP EIR. This set of standards is important because, with few exceptions (affordable housing, childcare mitigations), these are new standards identified by the community that did not exist prior to the DAP. The project’s compliance with these standards is documented in Appendix A.

The second level of community benefits for new buildings in the Downtown are additional significant community benefits that must be provided only by projects greater than 75 feet in height. These Zoning Ordinance requirements are discussed below.
Section 23E.68.090.E Requirement for Significant Community Benefits

Section 23E.68.090.E of the Zoning Ordinance requires the following for buildings taller than 75 feet (emphasis added):

In order to approve a Use Permit for buildings over 75 feet in height under Section 23E.68.070.B, the Board must find that the project will provide **significant community benefits**, either directly or by providing funding for such benefits to the satisfaction of the City, **beyond what would otherwise be required** by the City. **These may include, but are not limited to:** affordable housing, supportive social services, green features, **open space**, **transportation demand management features**, **job training**, and/or **employment opportunities**. The applicable public benefit requirements of this Chapter shall be included as conditions of approval and the owner shall enter into a written agreement that shall be binding on all successors in interest.

Definitions

Based on exact reading of this regulation, the threshold question can be summarized as: **Are community benefits “beyond what would otherwise be required” and are they “significant”?** The American Heritage Dictionary defines significant as “meaningful, substantial, and having a major effect.” Significant community benefits, therefore, must be **meaningful, substantial, and have a major effect** for the good of the community.

One measure to identify whether or not a benefit is meaningful is to align potential benefits with actual DAP goals and objectives. Because the public engagement process that resulted in the creation and adoption of the DAP was extensive (including the 23-member Downtown Area Plan Advisory Commission, the Planning Commission, the Landmarks Preservation Commission, the Zoning Adjustments Board, City Council, more than 200 public meetings, and ultimately the voters), **DAP policies and objectives reflect meaningful benefits** and diverse desires for benefits as expressed by the community. Similarly, the DAP’s Green Pathway includes a number of ‘required’ community benefits that must be provided in exchange for a streamlined discretionary process. Therefore, for projects not participating in the Green Pathway process and not receiving streamlined discretionary review, the **benefits outlined in the Green Pathway are desirable significant community benefits**.

They must also be outside of the realm of typical City requirements for approval for this type of project (per the Zoning Ordinance, the community benefits must be items “beyond what would otherwise be required). The C-DMU chapter of the Zoning Ordinance, previously adopted fees and exactions, and other code requirements are what is referred to in the Section as “would otherwise be required.” The word
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“would” implies a requirement already in place, as opposed to the use of the words “could” or “should,” which imply a future discretionary intent. This is due to the fact that the base zoning implements the DAP standards and benefits. They include traffic mitigation, design improvements, requirements to ensure highly livable units, and standards and requirements in the City’s Zoning Ordinance. The project’s specific compliance with those items is listed in Appendix A.

Summary of Significant Community Benefits Provided by Berkeley Plaza Project

The Berkeley Plaza project provides four areas of significant community benefit, each one of which meets the Zoning Ordinance requirement for significant community benefits. These benefits fall in the following categories:

- 100% Union Labor Employment Opportunities
- Cinema Retention and Modernization
- Transportation Demand Management
- Privately-Owned Public Open Space and Streetscape

<table>
<thead>
<tr>
<th>Berkeley Plaza Combined Community Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong></td>
</tr>
<tr>
<td>Employment opportunities</td>
</tr>
<tr>
<td>Cinema Retention and Modernization</td>
</tr>
<tr>
<td>Transportation Demand Management</td>
</tr>
<tr>
<td>Human-scale Streetscape &amp; POPOS</td>
</tr>
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<td><strong>Subtotal Significant Additional</strong></td>
</tr>
<tr>
<td>Contextual Scale Reductions</td>
</tr>
<tr>
<td>Zoning Ordinance Required Benefits (See Appendix A)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
</tr>
<tr>
<td><strong>Significant Benefits as Percent of Total Project Cost</strong></td>
</tr>
<tr>
<td><em><em>Economic Benefit to the City of Berkeley</em> (See Appendix B)</em>*</td>
</tr>
</tbody>
</table>

*This economic impact includes all property taxes and special assessments, property owner business license taxes, and sales tax increases from residents and employees. This does not include the approximately $47,700 in sales tax increases from temporary construction workers, the approximately $4.7 million project building permit fee, transfer taxes, or sales taxes and business license fees paid by future commercial tenants. Further detail provided in Appendix B.*
In combination, these benefits exceed what can be reasonably expected as a matter of course, even for a building of this height. We anticipate the valuation of benefits will be peer reviewed by City-designated economic consultants, and have provided detailed citations in this document regarding costs, assumptions, and information sources.

Each of these community benefits implements goals and policies of the DAP, and were based on requests received from members of the community, community groups, and City boards and commissions. These benefits therefore meet the definition of significant community benefits provided above, as they are meaningful to a wide array of community members. These benefits are beyond what would be required by the City’s requirements in the Zoning Ordinance, and therefore exceed the requirements of Section 23E.69.090.E.

The project also includes contextual scale reductions proposed by the developer that lowered the height of the street wall below what is required by City standards. This reduction was not requested by City staff, but was offered by the project team after discussion with the City’s Landmarks Preservation Commission and Berkeley Architectural Heritage Association in order to further honor and respect the scale of the adjacent Hotel Shattuck Plaza (which is taller than the plinth) and landmarked buildings that are across the street (which are only slightly shorter). The project team has quantified this benefit for informational purposes, but is considering this benefit separately from the significant community benefit requirement of Section 23E.68.090.E.

Downtown Berkeley is the community’s living room. A healthy downtown is a benefit to the whole community. The Berkeley Plaza project will significantly improve Downtown, and the whole community.

Community Interests Dictated Significant Community Benefits

The project team has worked closely with an array of community organizations, designers, and Berkeley’s Boards and Commissions to achieve a carefully balanced design and program of benefits that is substantial and meaningful to the Berkeley community. The project team has conducted extensive outreach to engage community groups and other interested parties, and to garner input, which was impetus for the community benefits described in this document. None of the significant community benefits provided here were proposed in the project’s original submittal.

After an initial submittal to the City of Berkeley on December 21, 2012, the project team conducted a community open house at the Hotel Shattuck Plaza to allow members of the public to see and comment on the preliminary project design concepts. The managing member of
HSR Berkeley Investments, LLC was present to answer questions from the public. The team set up stations that featured schematic designs and people circulated the room to speak with representatives of the various firms that comprise the project team.

Following this community meeting, the project team held preview meetings with the Design Review Committee (DRC), the Landmarks Preservation Commission (LPC) and the Zoning Adjustments Board (ZAB). These meetings were all publically noticed and open to the public:

- February 21, 2013 Design Review Committee Preview
- March 7, 2013 Landmarks Preservation Commission Preview
- March 14, 2013 Zoning Adjustments Board Preview

The project team met with several community groups, many on multiple occasions, including:

- Berkeley Architectural Heritage Association
- Downtown Berkeley Association
- Berkeley Chamber of Commerce
- Berkeley Public Library
- The League of Women Voters
- The YMCA
- Dharma College and the Mangalam Center
- UC Berkeley development office
- Representatives of Iron Workers Local 378 and Plasterers and Cement Masons Local 300
- The Berkeley Association of Realtors
- Friends of the Berkeley Public Library
- Building and Construction Trades Council of Alameda County

The project team has prepared materials for, and participated in, a number of design subcommittee meetings with the LPC and DRC subcommittees for the project. These meetings were all publically noticed and open to the public, held on the following days:

- March 13, 2014
- April 10, 2014
- May 15, 2014
The project team worked with City staff to design and lead members of these subcommittees on a tour of high-rises in the City of San Francisco on November 14, 2013. This tour was an effort to work with the subcommittee members to better understand the design of high rise structures within a historic downtown context.

Scoping meetings to provide comments on the Notice of Preparation of the Environmental Impact Report for the project were held as listed below, both publically noticed and open for public comment:

- June 5, 2014 – Zoning Adjustments Board
- June 9, 2014 – Landmarks Preservation Commission

The community outreach described above resulted in numerous requests and suggestions, many of which have been incorporated into the project to provide benefits that are meaningful to the community. These suggestions have directly resulted in the project’s proposed package of significant community benefits quantified in this document.

Not all community requests can be accommodated. The project is a complicated balance of costs and benefits, and some benefits are provided at the expense of others. The project team takes every community comment seriously, and some of the community requests for benefits that could not be incorporated into the project are described below, with a brief explanation of why the request could not be met.

- **Reduce building height** – Some members of the Landmarks Preservation Commission and Berkeley Architectural Heritage Association have stated they could never support a building taller than five stories, if any new building at all, on the project site. While the project team recognizes this position, we did not pursue this significantly reduced scale, especially as it would eliminate the ability to provide the other community benefits discussed in this document.

- **Retain existing façade** – Some members of the Landmarks Preservation Commission and Berkeley Architectural Heritage Association have requested that the project retain the Walter Ratcliff façade of the existing Hink’s addition to the Shattuck Hotel building. The existing façade was not designed to engage pedestrians or activate the adjacent street frontage, and as such the project team believes it would reduce the project’s value to the community as an anchor to a vibrant and pedestrian-friendly street. Additionally, the cost of façade preservation would be such that it would reduce the feasibility of the numerous other community benefits...
Residences at Berkeley Plaza: Significant Community Benefits

provided by the project as proposed. Finally, there is an excellent example of Walter Ratcliff’s work across the street, the former Armstrong College, which is a designated City landmark.

- **Provide theater space for non-profit use** – One non-profit theater group has requested that the new cinema space be made available for non-profit events. While the project team supports this cause, we felt that this particular benefit would be enjoyed by a smaller subset of the community, and would reduce the project’s ability to support other community benefits that could be more widely appreciated by other members of the public. The new cinema design does include two smaller “art house” theaters that will be used, as they are currently, for smaller run and independent films.

- **Hold the building corner for historic context** – City staff requested that the project team consider eliminating the public plaza and bring the building form all the way to the corner in order to align more consistently with historically relevant building types, other than the existing plaza across the street at the historic Berkeley Public Library, the Post Office, and City Hall. Other community members, including the Mangalam Center across the street from the project, requested a public plaza. While the project team recognizes the importance of historic context, as indicated by Staff, we ultimately felt that providing a space that members of the community can use on a daily basis was a more highly desirable public benefit.

- **Fund improvements to the Shattuck Hotel** – Some members of the Landmarks Preservation Commission, Berkeley Architectural Heritage Association, and City staff indicated a desire for the project to bear the cost of improvements to the Shattuck Hotel, such as replacement of balconies. The project team appreciates the importance of these historic elements. On balance, the project’s community benefits are intended to provide broad utility and value to a wide spectrum of the public. For this reason, benefits such as the slow street, public plaza, and cinema retention and modernization were pursued rather than the more narrow benefit of improvements to the neighboring Shattuck Hotel.

- **Redesign Harold Way as a car-free street** – Many members of the community expressed a desire for Harold Way to become a pedestrian-only street. However, the leadership at the neighboring Mangalam Center expressed concern that preventing through-traffic would have a negative impact on their students and faculty. Additionally, the project team’s research found that the expected level of foot traffic, while significant, may not support a closed street. For this reason, Harold Way was designed as a slow, shared street, but not a closed street. The street design is flexible enough that if a car-free street becomes desirable at a future date, bollards and other mechanisms could be used to create a car-free street.

- **Provide parking for the general public** – Some community members have requested that the project provide additional parking to be available for the general public. While the project will be providing parking available to the hotel and to patrons of the project’s commercial uses, the project team decided to prioritize other community benefits oriented towards walkability, bike-ability, and usable open space, rather than provide additional parking to draw auto users to the area.
• **Requests from some current tenants to compensate them for loss of space** – Some current tenants have requested that the project compensate them for expenses related to moving to a new space, such as tenant improvements. While the project team recognizes the inconveniences and impacts associated with change of space, the provision of these benefits would be enjoyed by a much smaller subset of the Berkeley community than will appreciate enjoyment of the other benefits being provided by the project, such as the cinemas, streetscape improvements, and privately-owned public open space.

Some community requests have been **incorporated into the project, but are not quantified as significant community benefits** in this document. Those include:

• **Value to hotel of on-site parking** – The project will make parking spaces available to the adjacent Hotel Shattuck Plaza, which currently does not have any on-site parking. Parking is a crucial amenity for a hotel. Although the number of spaces available for the hotel’s use is still fewer than would typically be desirable for a hotel of this size, the added value of providing parking to guests will be remarkable for the hotel.

• **Cooperation with YMCA** – The initial project design included an exercise facility and spa for Berkeley Plaza residents, which is an important residential amenity and adds significant value to the project due to the ability to command higher rents from residents who then have access to a free fitness facility. However, the leadership of the Downtown Berkeley Association and the YMCA expressed concern about potential detriment to the YMCA of a private gym facility in such close proximity to the YMCA. After working with the YMCA, which will work with the project team to provide information to Berkeley Plaza residents, the gym facility has been eliminated. This redesign adds significant potential patronage for the YMCA. We anticipate this will help the YMCA to grow its membership, supporting important health services programs that are identified as valuable to the community in DAP Policies HC-5.1.c and HC-7.1.d.

• **Condominium map being prepared for the project.** A condominium map is being prepared to allow for the individual sale of some or all of the dwelling units. The project was initially proposed as a rental-only project, without any option or intention of creating the project as condominiums for individual ownership. Outreach to numerous community groups found a strong desire for home ownership opportunities within this particular project. The Downtown Berkeley Association board members indicated an objective of increasing homeownership in the Downtown, and the Berkeley Association of Realtors confirmed numerous clients have expressed interest in condominium ownership in Downtown. In meetings with a number of other community groups, the project team received direct communication from individuals in the community with a strong wish for the Residences at Berkeley Plaza to be available for condominium purchase. Additionally, the DAP includes policies related to the encouragement of market-rate home ownership opportunities in the Downtown (DAP Policy HC-3.4)
In response to this request from diverse members of the community, and reflecting DAP policies related to the encouragement of home ownership opportunities, the project team is pursuing the complex and costly process of creating a condominium map for the project. This process includes a number of additional costs. The condominium mapping process includes a $30,000 fee for the Civil Engineer to prepare the Tentative Tract Map and, after approval, the Tract Map. City fees associated with subdivision map and condominium application will total approximately $71,300. Attorneys’ fees of approximately $200,000 for preparation of documentation for the Deeds of Trust and Condominium Agreement. Product Liability Insurance for 302 condominium units will total approximately $3 million. Additional building requirements to comply with State and local laws for condominiums will create further costs unknown at this time.

The sale of condominiums, as compared to the operation of rental property, has significant impacts on the income and tax situation for the property’s owner. The sales of condominiums happen as a single income event to the owner. This income is taxed at the ordinary rate, which approaches 50%. In contrast, apartments gain income over time, and actually increase in value over time. At a later date, when the ownership transfers, this income is taxed as Capital Gains, at a much lower rate (closer to 30%). Therefore the potential positioning of this project as condominiums is not in the primary interest of the property owner, but rather is a response to input from the Berkeley community regarding a desire for ownership opportunities.

Document Organization

This document provides a detailed overview of Berkeley Plaza’s significant community benefits, as required by the DAP and its implementing zoning applied to buildings with a height greater than 75’. It explains and quantifies the benefits the project will provide and describes how those benefits were derived through close work with the Berkeley community. This document includes the sections listed below:

2) The project’s “significant community benefits” required by the DAP zoning implementation for buildings over 75’ in height;  
3) Extra amenities and programs provided by the project not quantified in Section 2;  
4) Conclusion

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1 Moran Engineering  
2 City of Berkeley adopted fees  
3 HSR Berkeley Investments, LLC  
4 Based on comparable data prepared by Rhoades Planning Group
5) Project team

Appendix A details the project’s compliance with the specific requirements that provide benefit to the community, required in the Downtown Area Plan and implemented in the Zoning Ordinance. These requirements mean that, even before accounting for the significant additional community benefits for buildings greater than 75 feet in height, the bar for infill development Downtown is already set much higher to ensure a balance between new land use capacity and contributions to the community.

Appendix B presents an analysis of the economic benefits the City will experience as a result of the project, including increased employment, sales taxes, property taxes, business license fees, and more.
2. SIGNIFICANT ADDITIONAL COMMUNITY BENEFITS

This section of the document includes a description of major project components, pursuant to the DAP and Zoning Ordinance, that provide significant community benefits beyond what would otherwise be required by the City for this project (described in the Introduction, above, including Zoning Ordinance requirements, fees, etc.), and therefore exceed the requirements of Section 23E.68.090.E of the Zoning Ordinance.

It includes the genesis of the particular benefits based on the community’s desire and DAP policies and objectives that are achieved due to the benefit’s inclusion in the project. Together, this information shows how each benefit is significant and meaningful to the community.

Additionally, the actual cost and value of various benefits is also quantified and presented in this Section. As described in the Introduction, we anticipate that these valuations will be peer-reviewed by a City-designated economic consultant.

As described in the Summary, above, the project includes significant additional community benefits, consistent with the DAP and Zoning Ordinance. Significant benefits fall into the following general categories:

- Employment Opportunities
- Cinema Retention and Modernization
- Transportation Demand Management
- Human-scale Streetscape and Privately-Owned Public Open Space
Employment Opportunities
Total Value = $10,000,000

The Berkeley Plaza project team worked with the Alameda County Building Trades Council for more than a year relevant to labor agreement provisions for the construction aspects of the project. The Trades Council includes 28 member unions across every aspect of project construction. In October, 2014, the Trades Council and project representatives signed an agreement for project labor. The agreement has no trade or work exclusions, therefore 100% the project will be constructed with union labor.

Cost of benefit

The additional cost of this potential agreement is an 8% to 12% increase in the overall construction budget of $100,000,000. At this time, therefore, a fair estimate of the benefit of Employment Opportunities is approximately 10% of total construction costs of $100,000,000, or $10,000,000.

This increase in the overall construction budget factors that, in a typical construction process, a small number of trade unions would typically be used. This 10% increase in cost results from the project’s agreement to full labor union work, rather than the typical process which would include use of a small number of unions.

The labor agreement constitutes a Significant Community Benefit as required by Section 23E.68.090.E. Labor agreements are NOT necessary for this kind of project nor are they typical of most local construction. In California, projects of this nature are frequently built without union labor, and some rely just on the concrete and steel labor unions. In the Bay Area in particular, a number of buildings of this type are being constructed with little or no union labor.

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5 Andrew Ball, President, West Region, Suffolk Construction
6 Andrew Ball, President, West Region, Suffolk Construction
7 Andreas Cluver, Building and Construction Trades Council of Alameda County
Apprenticeships and Local Hire

The project’s recent Project Labor Agreement recognizes that new workers in the construction industry need to develop competency. Therefore the project Contractor will employ apprentices of a California State-approved Joint Apprenticeship Program in the respective labor crafts.

The Building and Construction Trades Council’s standard requirements ensure that local workers are hired. For local trades companies within Alameda County, the expectation is that all labor is hired from within Alameda County. When trades companies are used from outside of Alameda County, they may bring out of town workers only if at a one-to-one ratio, with one worker hired from within Alameda County for every worker brought from outside of Alameda County.

Additionally, the project team and Unions will facilitate a path of entry into the construction trades unions for veterans who are interested in careers in the building industry. The Contractor will use the services of the Center for Military Recruitment, Assessment, and Veterans Employment, and the Center’s “Helmets to Hardhats” program. The Contractor and Unions will use the Center’s database of veterans during project hiring and, as a consequence, expects to provide veterans with apprenticeship and employment opportunities.

Significance of Benefit

The project team heard from a number of community members and City decision makers, including the Zoning Adjustments Board and various City Councilmembers, that the community places a an extremely high value on construction labor that is paid a prevailing wage.

While the project will not take advantage of Green Pathway entitlement process, it is notable that prevailing wage construction labor is one of the additional Green Pathway requirements made in exchange for streamlining entitlements. In fact, the Berkeley Plaza project is not benefitting Green Pathway incentives, but is using union labor for 100% of the project’s construction to deliver Community Benefits as required by zoning Section 23E.68.090.E.
Cinema Retention and Modernization

First Year Value = $940,000
Total Value over 20 Years = $24,747,000

As a direct result of community and Commission requests, the team redesigned the project after the initial submittal to include six state of the art movie theater spaces and a new cinema concourse. The Berkeley Plaza project will preserve Downtown Berkeley’s critical mass of movie theaters, which have been identified as a vital aspect of the Downtown’s cultural arts attractions.

At the time of the initial project submittal, it was made clear that due to the financial realities of the current Landmark Theatres operation, the movie theater lease would not be renewed and therefore the theater would be closing its doors in 2018. The declining state of the cinemas, especially compared to newer and more attractive movie theater options in the East Bay had rendered the facility at this location economically obsolete. Therefore the initial project design included a large central courtyard separating the Shattuck Hotel and the new development, and did not include cinema space.

After many meetings with community groups, including the Downtown Berkeley Association and Chamber of Commerce, and the Landmarks Preservation Commission and Zoning Adjustments Board at their March 7 and March 14, 2013 meetings, and much feedback from other interested parties the project team understood the strong community desire to retain cinemas in this location. As a result, the project has been redesigned to include a new cinema complex that will be accessed through the existing Shattuck Avenue entrance, including a grand staircase.

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See letter from Ted Mundorff, CEO/President of Landmark Theatres, stating that the existing theatre would have to close as it is not a financially sustainable model, attached at the end of this section.
and elevator that will bring patrons to the subterranean level. The underground promenade will house six new theaters with approximately 665 seats. Four of the theaters will include stadium seating, while the remaining two theaters will be smaller venues for more artistic and independent films, which is a hallmark of the Landmark Theatres chain. The new facility will encompass the entire subterranean level and is designed to include new concession space, bar, kitchen, restrooms and central concourse and circulation. The cinema space was designed in cooperation with Landmarks Theatres, and the project team is working towards a financial arrangement with Landmark Theatres.
**Cost of benefit**

Cinema construction is specialized and therefore costly even when it is a stand-alone, above-ground building. In this case, the cinemas will be partially below ground, and attached to the new tower and its garage on one side, and attached to the retail strip on Shattuck Avenue on the other side. The added cost of this complex construction of the cinemas, which was included solely at the request of the community is estimated at approximately $17-20 million.⁹

In order for this aspect of the project to provide a reasonable return on the capital invested, the theater would need to pay a Triple Net (NNN) Rent of approximately $5.00 - $5.25 per square foot per month. This would equate to gross monthly rent of approximately a $6.50, including the estimated NNN charges. This would return approximately 6.25% - 6.50% annually on the invested

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⁹ Andrew Ball, President, West Region, Suffolk Construction. This value includes $10,000,000 for the building construction, and $7,000,000 for interior improvements.
capital, which is at the lower end of an acceptable return for this type of tenant and construction. Theaters generally use very large volume spaces. Because of the volume they pay less rent than typical retail users.

Market rents for the Shattuck facing retail are currently $3.00 - $4.00 per square foot, for spaces that are 1/10th the size of the projected theater space, therefore it is unlikely that any theater operator would agree to pay a NNN rent per square foot in the $5.00 - $5.25 range. By comparison, the current lease with Landmark Theaters in the existing space is priced at approximately $2.00 per square foot Modified Gross (tenant pays only for utilities).

The financial proposition for the addition of the new theater complex is not feasible on its own. While it is difficult to calculate an exact number to use for the additional annual cost of this project “subsidy”, a simple method would be this:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent estimated for a fair return on investment</td>
<td>$6.50</td>
</tr>
<tr>
<td>Actual rent estimated for the projected theater space</td>
<td>$3.50</td>
</tr>
<tr>
<td>Difference in year one monthly rent</td>
<td>$3.00</td>
</tr>
<tr>
<td>Approximate total square footage</td>
<td>20,000</td>
</tr>
<tr>
<td>Monthly / annual “subsidy” year one</td>
<td>$60,000 / $720,000</td>
</tr>
<tr>
<td>Total over 20 year lease (including 3% growth per year)</td>
<td>$19,347,000</td>
</tr>
<tr>
<td>Net Present Value of the 20 year income stream @ 7%</td>
<td>$9,600,000</td>
</tr>
</tbody>
</table>

Additionally, provision of the cinemas creates an opportunity cost. Were the project not to include cinema space, all trash, mechanical rooms, boiler and pump room, generator room, electric room, and bicycle parking would be moved further back into the space currently occupied by the cinema. A retail space could then be added opening onto Kittredge Street, in the location that is currently the ‘hyphen wall’ theater box between the larger portion of the Berkeley Plaza building and the Shattuck Hotel. This would yield an additional 5,000

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10 HSR Berkeley Investments LLC
11 Typical rent information based on discussion with Michael Berne, retail expert of the Downtown Berkeley Association. Current Landmark rent based on actual existing lease terms. The assumption for actual rent estimated for the new theater space is based on a projection of anticipated gross receipts from the cinema increasing significantly from current gross receipts. Commercial leases typically represent about 15% of gross receipts, per Michael Berne. This is currently the case for the Landmark lease, as the cinema currently grosses approximately $3 million per year and pays 15% of that in rent at approximately $2 per square foot per month.
square feet of retail space, and an additional $270,000 in rental revenue to the property owner each year that is forgone in order to provide the cinema space. Finally, the project would include additional parking and vehicle circulation area on the top two floors of the parking garage if the mass of the cinema box was not included in the design. This option would not necessarily increase project revenue, but would improve the overall design of the parking garage.

Therefore the net cost of providing the cinema space is approximately $990,000 per year in combined rental subsidy and opportunity cost. Over 20 years, the total cost of the cinema is a net rental cost of $19,347,000, as described above, plus total opportunity cost of $5,400,000, for a total of $24,747,000 over 20 years.

The movie theaters are another instance where a benefit provided by the project is extremely significant and beyond what would otherwise be required. As a result of these costs, the project will reinvigorate downtown as a destination to see movies by replacing an aging facility with a modern theater, maintaining the critical mass necessary to draw movie goers to the Downtown, and contributing to the rich cultural fabric of the Downtown and the City’s long term fiscal health.

Significance of benefit

The project team initiated a redesign to include new state-of-the-art movie theaters, and pursued a close working relationship with Landmark Theatres, after hearing from the Downtown Berkeley Association, the Berkeley Chamber of Commerce, the Zoning Adjustments Board, the Landmarks Preservation Commission, and the League of Women Voters that the community places substantial value upon the presence of these theaters in Downtown Berkeley, and that the loss of this theater would result in the forfeiture of a critical mass of theaters that allow the Downtown to be a cultural destination point for theater-goers and a meaningful piece of the draw for all Berkeley residents to patronize Downtown.

Additionally, DAP Policy LU-1.2.b, “Retain and support Downtown’s cinemas. Consider incentives for retaining existing movie theaters and upgrading their facilities,” indicates the wide community desire for cinema retention and modernization, and that such an effort will have a major effect for the good of the community.

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12 This is based on an assumption of retail rents at $4.50/square foot per month. HSR Berkeley Investments, LLC.
April 15, 2013

Dear Joe,

Thank you very much for taking the time to go over the plans of the repurposed Shattuck Theatre. We are hopeful that you are able to move forward with the project since it will give us a new modern day theatre. As you know, despite our remodel a couple of years ago, we are still only offering an old style sloped floor theatre to the folks in Berkeley. We know this is not a financially sustainable model and eventually the existing theatre will close.

If I can be of any assistance please do not hesitate to contact me.

Best Regards,

Ted Mundorff
CEO/President
Landmark Theatres
Transportation Demand Management

First Year Value = $212,240
Total Value over 20 years = $1,155,000

Berkeley Plaza exceeds usual transportation demand management (TDM) features in important and creative ways that make it a leader in Bay Area developments oriented towards alternative transportation. To meet the requirements for Significant Community Benefits, the project will contain TDM features well beyond what is required by the Zoning Ordinance. This section discusses transportation features that are in addition to those that are required, which include unbundling leases for parking, free AC transit passes for households and employees, and on-site car share spaces. These TDM features are required by the Zoning Ordinance and are further described in Appendix A.

The project is GreenTRIP certified by TransForm, an organization that is a statewide leader in research and policy to support alternative transportation. The GreenTRIP process for this project cost $10,060, and provides an audit of the effectiveness of proposed traffic reduction studies, as well as suggesting additional TDM strategies that would further reduce vehicle-related impacts of the project. The GreenTRIP analysis found that, as proposed, the project meets the requirements for certification. Households in the project, TransForm found, would drive 75% less than the average Bay Area household, and would emit 66% less GHGs, working significantly towards achievement of Berkeley’s Climate Action Plan goals.

DAP Policy AC-1.3: Alternative Modes & Transportation Demand Management (TDM). New development and on-going programs should reduce Downtown car use, support alternative travel modes, and consolidate publicly accessible parking facilities and support TDM programs.
Cost of benefit

The GreenTRIP certification and transportation audit also resulted in a number of additional TDM features that the project team has agreed would benefit the project and community, and is therefore incorporating them into the program. These features will all be incorporated for the life of the project. Ten additional types of TDM features will be provided and are listed below:

- **SmartWalk transit screen.** The project could be the first on the West Coast to incorporate a SmartWalk digital transit screen, which uses a specialized software tailored to the project location to project real-time transit information and directions to transit stations directly onto the sidewalk to activate the sidewalk adjacent to the public plaza and to encourage transit use among Berkeley Plaza residents and the public. The SmartWalk costs $20,000 plus $1,000 per year of maintenance, totaling $40,000 over 20 years.

- **Additional free transit passes.** Zoning requires one free local transit pass per household. The project will exceed this contribution by providing two free transit passes to each unit, at an additional cost of $36,240 per year, or a total of $724,800 over 20 years.
• **Electric vehicle charging stations.** The project provides 11 electric vehicle charging stations within the parking garage to facilitate use of electric vehicles for Berkeley Plaza residents at a cost of $4000 each for a total cost of **$44,000**.

• **Residential bicycle parking component.** The project will provide secure bicycle parking for residents for 100 bicycles, as well as a bicycle fix-it station, described below, to encourage bike use among residents at an additional cost of approximately **$15,000**.

• **BART bike station.** The project will provide space to the existing BART bike station at a significantly subsidized rent. The lease for the bike station is currently expired but the Berkeley Plaza ownership has agreed to allow them to continue at the location until the new Center Street garage is constructed, at which time the bike station is anticipated to move to that location. The cost of this subsidy is **$72,000 per year**, or a total for the anticipated three years of occupancy of **$216,000**.\(^{13}\)

• **Cargo bikes.** The project will include 3 cargo bikes in the secure bicycle parking room for residents to check out as needed for shopping and other errands. The cost for three cargo bikes is **$12,000**.

• **Pedestrian grocery carts.** The project will provide 20 pedestrian grocery carts (easily maneuverable wheeled shopping caddies) available for resident check-out to facilitate easy pedestrian shopping, totaling **$600**.

• **Bike fix stations.** The project will include two bicycle fix-it stations – one at the street level adjacent to the public plaza that will be available for public use, and one in the resident bike room. These stations are affixed to the ground, and provide a hook near the top of the station upon which individuals may rest their bikes to assist as they perform maintenance. Numerous tools are attached to the fix station via durable cables, allowing residents inside the building and members of the public at the street level to easily perform basic bicycle maintenance. The total cost for the two fix stations is **$1600**.

• **Bike corral.** Pending City approval, the project intends to create an on-street bike corral across the street from the Berkeley Public Library bike corral. This corral will provide parking for approximately 16 bicycles, for use by the public. This bicycle parking capacity is beyond what is

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\(^{13}\) The BART bike station is paying a rent of just under $2.00 per month, which is $1.50 per square foot less than the going retail rent. Over the course of three years, the anticipated time for construction of the Center Street garage, this results in a total subsidy of $72,000 per year, or $216,000 over the three year period.
Residences at Berkeley Plaza: Significant Community Benefits

required by the C-DMU zoning, which will be met with bike racks installed along the sidewalk around the site. The cost of the racks and their installation is approximately $5,000.

- **Shared electric bikes.** The project is partnering with City CarShare to provide shared electric bikes and associated infrastructure. These bikes will be available to anyone, including members of the public, with City CarShare memberships. These bikes will work similarly to City CarShare vehicles, where members reserve e-bikes and use a key fob to unlock bikes from their charging racks. Charging racks will be in the garage, adjacent to City CarShare vehicles. These e-bikes can provide both residents and members of the public with an alternative to driving a vehicle for various purposes. City CarShare provides the bicycles and installation of the charging racks. The charging rack will take the place of one parking spot. The lost revenue from leasing the parking spot, and building maintenance and management associated with public use of the facilities, total approximately $400 per month, totaling $4,800 per year, or $96,000 over 20 years.
Significance of benefit

These features are largely the result of suggestions from Planning and Transportation staff, and the GreenTRIP certification process, which includes a transportation audit from TransForm. TransForm is highly experienced in understanding which Transportation Demand Management features are most likely to have a major effect on transportation choices, which creates important benefits both for the residents themselves, as well as for all users of the Downtown who, as a result, experience less congestion. Additionally, these suggestions work towards the City’s Climate Action Plan, which intends to create benefits for all residents of Berkeley by reducing greenhouse gas emissions, especially those associated with transportation.

The Transportation Demand Management features incorporated into the project reflect a meaningful commitment to the objectives of the DAP, which place a significant focus on the relationship between land use and transportation, such as in DAP Policy AC-1.3: Alternative Modes & Transportation Demand Management (TDM), which states that “New development and on-going programs should reduce Downtown car use, support alternative travel modes, and consolidate publicly accessible parking facilities and support TDM programs.”

By responding to the recommendations given by TransForm during the GreenTRIP certification process, as well as to the important values expressed by the DAP, the project has incorporated Transportation Demand Management features that are a significant community benefit.
Human-scale Streetscape and Privately-Owned Public Open Space

First Year Value = $1,081,578
Total Value over 20 Years = $7,381,560

The Residences at Berkeley Plaza will turn a neglected Downtown side street into a thriving community open space containing a major new plaza at the south end of Harold Way, which includes 1,872 square foot of privately-owned but publicly-accessible open space. The project goes well beyond typical street and open space contributions to accomplish the program, proposed as a community benefit beyond what is otherwise required. Required contributions are discussed in Appendix A, and include on-site open space, Streets and Open Space Improvement Plan fees, and sidewalk and roadway improvements to the centerline of the street adjacent to the project to address impacts to these features from construction. These typical improvements are shown on the left side of the comparison graphic.

**DAP Policy OS-1.1: Streets & Open Space Improvements.** Make significant additions and improvements to Downtown’s parks, plazas, and streets to be aesthetically pleasing, and support pedestrians and abutting uses. Use consistent features to help make Downtown distinctive. Special subareas and conditions may call for unique treatments. Emphasize the creation and enhancement of public gathering spaces.

**DAP Policy OS-1.2.h: Harold Way.** As a connection between the Library and the YMCA, consider making Harold Way a slow-street.
Cost of benefit

Proposed public street and open space improvements have been estimated by the project team’s contractor to exceed the sum of the usual contributions (that were just described) by at least $750,000.\textsuperscript{14} These additional improvements, shown at right, are a significant benefit to the community due to the creation of a full pedestrian-oriented street, and are discussed in detail below.

- **The Plaza on Harold Way.** The project will create a plaza on the south end of Harold Way, which will be activated by abutting uses. The plaza is across from to Berkeley’s Central Branch Library and the courtyard between the Library and Café Clem. The project will line the east edge of the plaza with a restaurant and café, as well as the entry lobby for residents, ensuring the plaza is consistently activated. The plaza integrates over 1,800 square feet of privately-owned on-site open space with sidewalk widening and “shared street” improvements on both sides of the street, described in detail below.

- **Privately-Owned Public Open Space.** The proposed plaza includes a privately-owned public open space (POPOS) below the southwest corner of the building, which is not needed to meet on-site open space requirements. The POPOS is a total size of 1,872 square feet. The project will exceed on-site open space requirements by about 1,000 square feet, not including the POPOS. Therefore, the POPO is not required by the Zoning Ordinance to meet basic open space needs. Just 197 square feet

\textsuperscript{14} Andrew Ball, President, West Region, Suffolk Construction
of the POPOs are required to be provided for commercial space per Section 23E.68.070.D, described in the first row of the Table in Appendix A. The POPOs will offer a high-level of urban amenity constructed of high quality materials. It will include street furniture, landscaping and seating for adjacent restaurant and café spaces. The cost of the POPOs to the developer is equal to 1,872 square feet of leasable commercial space, as well as 1,800 square feet of leasable residential floor area that are displaced on the second floor to add height to the POPOs. With anticipated commercial rents of approximately $4.50 per square foot per month, and residential rents at $5.10 per square foot per month, the project forgoes approximately $331,578 per year of rents in order to provide this public open space, totaling $6,631,560 over 20 years.

- **Shared Street and Widened Sidewalks.** The proposed pedestrian-oriented plaza includes improvements within the public right-of-way, seamlessly integrated within the POPOs. The project proposes to widen sidewalks and incorporate a “shared street” to maximize pedestrian-oriented space and extend it to the Mangalam center in the former Armstrong College building. The shared street will allow vehicles to move across at slow speeds because decorative paving and bollards communicate that the shared street is part of the plaza and motorists must slow as they "bump up" to the plaza/sidewalk level. Bollards delineate shared space from pedestrian-only areas.
Significance of benefit

The plaza on Harold Way, privately-owned public open space, shared street and widened sidewalk were incorporated into the project based largely on feedback received from the community. The plaza was originally planned in the center of the building. Therefore, when the community expressed the significance of retaining the cinema space in that location, the project team initially eliminated the public plaza element. However, communications from the Downtown Berkeley Association indicated the Downtown community still placed significant value upon gaining a public open space, and streetscape improvements exceeding typical levels to create a special pedestrian street. Additionally, the Mangalam Center and Dharma College relayed to the project team that, while they initially had concerns about a plaza space internal to the building, they would appreciate a public plaza oriented towards their site, to complement their buildings and activate Harold Way.

These features were also intended to respond to DAP goals and policies related to streets and open space improvements. DAP Policy OS-1.1: Streets & Open Space Improvements requires “significant additions and improvements to Downtown’s parks, plazas, and streets to be aesthetically pleasing, and support pedestrians and abutting uses.” DAP Policy OS-1.2.h states about Harold Way: “As a connection between the Library and the YMCA, consider making Harold Way a slow-street.” These DAP policies clearly place significance upon
streets and open space improvements, and specifically values the idea of Harold Way as a slow street. This project responds directly to these community values.

Additionally, the DAP’s implementation in the C-DMU zoning clearly places a high priority upon privately owned public open spaces, as it allows projects to count POPOS square footage doubled towards the open space requirement for residential uses. The Berkeley Plaza project meets residential open space requirements, and therefore provides the POPOS without taking advantage of the incentives provided by the zoning.
3. EXTRA AMENITY

This section provides information on an extra amenity the Berkeley Plaza project is providing beyond the significant community benefits presented in Section 2. Some aspects of this amenity could have been requested by the City, but were not. Instead, they have been offered and provided in the spirit of the Berkeley community’s overall DAP effort, which balances development feasibility with significant benefits to the Downtown.
Contextual Scale Reductions: Historic Scale and Design

First Year Value = $643,212 annually
Total Value over 20 Years = $12,864,240

The project’s massing is far more restricted than what is allowed by setback requirements in the Zoning Ordinance. The project proposes massing that is greatly reduced from the initial proposal as a result of community requests to use a design that is increasingly deferential to adjacent historic landmarks.

This benefit is based on input from LPC and ZAB members at their March 7 and 13, 2013 preview meetings, when some members requested that plinth heights be reduced below what would typically be allowed. This community benefit deserves inclusion among benefits “beyond what would otherwise be required.” The lower plinth height is not needed in order to make findings to approve a Use Permit, per Section 23E.68.090.D.2 that says: “No designated landmark structure, structure of merit, or historic district in the vicinity would be adversely affected by the appearance or design of the proposed addition.” The project exceeds the Finding requirement by not harming the Hotel Shattuck and reducing massing to provide an increasingly respectful scale, and provides a significant additional benefit by so doing. While the argument could be made that the City could have potentially required this scale reduction under a non-detriment finding, the thorough public process that resulted in the adoption of the DAP did not find 75-foot street wall heights to be detrimental to the Downtown’s historic character, and for that reason adopted allowable 75-foot street wall heights in the implementing zoning. Therefore the project is going beyond these community expectations to provide a project even more respectful in design and scale than anticipated by the DAP.

DAP Policy HD-1.1: Historic Buildings & Sites. Preserve historic buildings and sites of Downtown, and provide where appropriate for their adaptive reuse and/or intensification.
DAP Policy HD-3.2: Continued Variety. Recognizing building height, massing and scale, allow for continued variety that respects Downtown’s context.
Residences at Berkeley Plaza: Significant Community Benefits

Initially proposed project massing

To enhance architectural deference to the adjacent historic hotel, the plinth level was reduced to 2 levels below the allowable height. This results in a loss of 5,255 square feet for two floors of residential area, or $643,212 in lost revenue each year to provide this community benefit.

Maximum Allowed Plinth at 75'

To create a public community plaza at the ground floor, 1,675 square feet of leasable ground floor area and 3,940 square feet of leasable residential area above the plaza will be lost. This equates to $331,578 of revenue lost each year to provide this community benefit.
Residences at Berkeley Plaza: Significant Community Benefits

- **Lower Height Street Wall.** The project’s height at the street has been reduced from 75’ (as much as seven floors) as allowed by Zoning to 54’ (the top of the fifth floor). This reduction in height falls about halfway between the height of the historic Hotel Shattuck (over 65’) and the Berkeley Public Library (over 45’).

- **Reduced Building Mass and Value.** The reduced height of the building at the streetwall corresponds to a loss of 5,255 square feet on both the sixth and seventh levels, for a total reduction of 10,510 square feet of leasable residential floor area. With anticipated residential rents of approximately $5.10 per square foot, the project would forego approximately **$643,212 each year** of residential rents to reduce the project’s mass in deference to neighboring historic resources, or a total of **$12,864,240 over 20 years**.

The **reduced plinth height** was incorporated into the project largely based on input from **Landmarks Preservation Commission and Zoning Adjustments Board** members at their March 7 and 13, 2013 project preview meetings that some members preferred reduced plinth heights to accentuate the project’s relationship to its surrounding context, and to be increasingly deferential to the scale of the adjacent Shattuck Hotel.
4. CONCLUSION

This document shows that the significant community benefits provided by the Berkeley Plaza project exceed the intent and threshold implied by the Downtown Area Plan and its implementation through the C-DMU Zoning, which requires, in Section 23E.68.090.E, the following for buildings taller than 75 feet (emphasis added):

In order to approve a Use Permit for buildings over 75 feet in height under Section 23E.68.070.B, the Board must find that the project will provide significant community benefits, either directly or by providing funding for such benefits to the satisfaction of the City, beyond what would otherwise be required by the City. These may include, but are not limited to: affordable housing, supportive social services, green features, open space, transportation demand management features, job training, and/or employment opportunities. The applicable public benefit requirements of this Chapter shall be included as conditions of approval and the owner shall enter into a written agreement that shall be binding on all successors in interest.

Based on exact reading of this regulation, the threshold question can be summarized as: Are community benefits “beyond what would otherwise be required” and are they “significant”?

This document has shown that the proposed benefits are significant in that they are meaningful, substantial, and have a major effect for the good of the community. Furthermore, proposed benefits are aligned with DAP goals and implement DAP policies – and they are among the types of benefits illustrated, namely: “open space, transportation demand management features, job training, and/or employment opportunities.

Benefits are “beyond what would otherwise be required” because they are beyond standards and guidelines set forth in the C-DMU zoning and Downtown Design Guidelines. It is conjecture to suggest that any of these would necessarily result from a typical project approvals, especially in light of their significance and the wide array of design accommodations that have been made but are not discussed here. (See Section 3 for a description of extra amenities and contextual scale reductions, which are provided by the project but not being considered and quantified in the same category as the significant community benefits listed above.)

In addition, the community benefits noted are significant in that they are based on specific requests for meaningful benefits from this project that were heard during the community engagement process. (For more on project responsiveness, and features of the project that
Residences at Berkeley Plaza: Significant Community Benefits

were incorporated based on community requests but not quantified in this document, see also “Introduction.” The cost to the project of providing proposed benefits is quantified in Section 2 of this document.

The project will also provide a number of required benefits, pursuant to the standards of the C-DMU zoning district. These required benefits are listed and quantified in Appendix A.

Finally, this finding of significant community benefits has not factored the significant indirect economic development and revitalization benefits to Downtown Berkeley. Nor has it accounted for increased City revenues that will far exceed normal contributions because of the project’s size. (Analysis of economic and fiscal benefits is provided in Appendix B.)
5. PROJECT TEAM

About HSR Berkeley Investments, LLC

HSR Berkeley Investments, LLC is led by Hill Street Realty (HSR). HSR views investing in property with a unique perspective - it is by applying this viewpoint to specific markets and assets that HSR can identify value and deliver results. HSR focuses on opportunities where it can add value through the application of creative thinking and solutions.

HSR has been successful in adding value to assets through a variety of methods including physical renovations and repositioning, better management and creative leasing, working through complex historic property matters with city and state governments, and creative income enhancing and expense reduction solutions.

SVA (formerly MVEI)

MVE Institutional (now SVA) is one of the country’s most innovative and respected design and planning organizations. The team encompasses experienced designers, architects and planners, specializing in new construction, renovation, modernization, and master planning of a diverse range of public and private developments.

PGAdesign

PGAdesign is an award-winning landscape architectural studio that creates enduring and vibrant environments within the public realm. Founded in 1979, the firm focuses on a variety of project sectors throughout California, ranging in size and complexity. Woven deeply within our projects — urban civic spaces, high-density housing, educational facilities, places of historic significance, parks and trails and transit-focused developments — are inspiring and purposeful designs that enrich the communities in which we live and work.

Rhoades Planning Group

Rhoades Planning Group offers urban planning, design, and entitlements expertise for infill and affordable mixed-use projects. Rhoades Planning Group provides a complete range of planning and development services for private, non-profit and public sector clients based on an in-depth knowledge of the policy, zoning, and economic realities of designing and building complex projects.

architecture + history
architecture + history, llc is a San Francisco-based historic preservation consulting practice. Owner Bridget Maley has over 20 years’ experience working with California communities on projects related to the historic built environment.

**Taecker Planning & Design**

For twenty-five years, Matthew Taecker, AIA AICP, has developed transit-oriented master plans, community-oriented buildings and pedestrian-friendly streets, for cities and developers across the nation. His firm negotiates economic, environmental and social challenges by applying the leading edge of best practices in urbanism and environmental sustainability.
THE RESIDENCES AT BERKELEY PLAZA

Documentation of Project Significant Community Benefits
for the City of Berkeley
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Appendix A: Zoning Ordinance Specified Community Benefits
Zoning Ordinance Specified Community Benefits

First Year Value = $10,841,267
Total Value over 20 Years = $64,062,371

The following table shows the DAP/C-DMU-specified community benefits required of any new project greater than 20,000 square feet. The table also describes how each requirement will be implemented by the Berkeley Plaza project, and quantifies the cost of each benefit where appropriate. As stated in the Summary, above, the majority of these required benefits were not required prior to adoption of the DAP. The table below identifies the required specific community benefits, the Zoning Ordinance Section number, the proposed implementation of each required benefit by the Berkeley Plaza project, and whether or not each benefit was required prior to the DAP’s adoption.

<table>
<thead>
<tr>
<th>Specified Community Benefit</th>
<th>Zoning Ordinance Section</th>
<th>Proposed Implementation</th>
<th>Required Prior to DAP zoning?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-residential uses must provide one square foot of privately-owned public open space per 50 square feet of commercial floor area, or pay an in-lieu fee, in addition to the fee requirement below, into the Streets and Open Space Improvements Plan (SOSIP) fund.</td>
<td>23E.68.070.D</td>
<td>The project is required to provide 644 square feet – a value of $34,776 per year or $695,520 over 20 years – of privately-owned public open space (total of 32,176 commercial floor area including cinemas, @ 1 square foot open space per 50 square feet commercial). The project provides 447 square feet of the required 644 square feet in setbacks along the commercial street frontage, which result in a wider sidewalk and increased ability to provide street furniture and an enhanced pedestrian environment. The remainder of the required privately-owned public open space, 197 square feet, will be provided in a large publicly accessible plaza at the corner of Harold and Kittredge. The balance of this large plaza is discussed in Section 1.</td>
<td>No</td>
</tr>
<tr>
<td>Projects involving new floor area must pay an impact fee to implement the Streets and Open Space Improvement Plan (SOSIP).</td>
<td>23E.68.075</td>
<td>The project will pay the required SOSIP fee of $2.23 per residential square foot and $1.68 per commercial square foot, which totals $491,251 in fees towards implementation of the Streets and Open Space Improvement Plan.</td>
<td>No</td>
</tr>
<tr>
<td>Specified Community Benefit</td>
<td>Zoning Ordinance Section</td>
<td>Proposed Implementation</td>
<td>Required Prior to DAP zoning?</td>
</tr>
<tr>
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<tr>
<td>Projects are required to <strong>pay an in-lieu fee to be used to provide enhanced transit services in return for any waivers of parking requirements</strong> (or reductions).</td>
<td>23E.68.080.D</td>
<td>The project does not request any waivers or reductions of parking requirements.</td>
<td>No</td>
</tr>
<tr>
<td>Any project with <strong>25 or more publicly available parking spaces</strong> shall install <strong>dynamic signage for real time garage occupancy</strong> and vehicle detection for future connection to the regional 511 travel information system.</td>
<td>23E.68.080.E</td>
<td>The project will install dynamic signage and vehicle detection systems, a cost of <strong>$20,000.</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Parking must be unbundled</strong> from residential units.</td>
<td>23E.68.080.G</td>
<td>Parking will be unbundled from residential units.</td>
<td>No</td>
</tr>
<tr>
<td>For new construction of over 20,000 square feet, the property owner shall provide at least one of the following at no additional cost to every employee and residential unit: <strong>pass for unlimited local bus transit service or functionally and financially equivalent transit benefit.</strong></td>
<td>23E.68.080.H</td>
<td>Free AC Transit passes will be provided to employees and to each residential unit for a total cost of approximately <strong>$36,240 per year, or $724,800 over 20 years.</strong></td>
<td>No</td>
</tr>
<tr>
<td>For residential structures that require vehicle parking, <strong>a certain number of spaces shall be designated as car sharing spaces</strong> – 61 or more spaces = 3 car share</td>
<td>23E.68.080.I</td>
<td>The project is required to provide 5 car sharing spaces, and will provide these 5 required car share spaces in the project’s underground parking garage. These spaces will be provided to a car share service at no cost to the providers. With average parking leasing rates of $150 per space per</td>
<td>No</td>
</tr>
<tr>
<td>Specified Community Benefit</td>
<td>Zoning Ordinance Section</td>
<td>Proposed Implementation</td>
<td>Required Prior to DAP zoning?</td>
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<tr>
<td>--------------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>spaces plus one for each additional 60 spaces – which must be offered to providers at no cost.</td>
<td></td>
<td>month, the provision of 5 car share spaces costs approximately $9,000 per year, or $180,000 over 20 years.</td>
<td>No</td>
</tr>
<tr>
<td>Projects of 20,000 square feet or more shall attain a LEED gold rating or higher, or equivalent.</td>
<td>23E.68.085</td>
<td>The project will attain a LEED gold rating or equivalent, or higher. LEED gold construction adds approximately 3% of the total construction cost of $100 million, costing approximately $3,000,000.</td>
<td>No</td>
</tr>
<tr>
<td>Any reduction or waiver of open space requires payment of an in-lieu fee to the city.</td>
<td>23E.68.090.G</td>
<td>The project does not request any reduction or waiver of open space.</td>
<td>No</td>
</tr>
<tr>
<td>Payment of development impact fees for housing and child care mitigation is required.</td>
<td>Council Resolution Numbers 66617 and 66618</td>
<td>Not applicable – the project is rebuilding less commercial space than currently exists on the site.</td>
<td>Yes</td>
</tr>
<tr>
<td>10% of a project’s dwelling units must be affordable at 50% of the Area Median Income.</td>
<td>Council Resolution Number 66920</td>
<td>The 302 unit project includes 275 market rate units and 27 affordable housing units (plus a .5 unit fee equivalent). The project will provide either 10% of the 275 market rate units (27 units plus a .5 unit fee equivalent) as deed-restricted affordable housing, or will pay the fee of $24,000 per unit, which totals about $7.25 million.</td>
<td>Yes</td>
</tr>
<tr>
<td>Compliance with Alameda County storm water quality and retention requirements.</td>
<td>Alameda County C.3 requirements</td>
<td>The project will comply with all Alameda County storm water quality and retention requirements and Bay Friendly landscaping requirements.</td>
<td>Yes</td>
</tr>
<tr>
<td>Replacement of sidewalks, street trees, and street asphalt to compensate for construction-related degradation.</td>
<td>City of Berkeley Municipal Code</td>
<td>The project will replace all sidewalks, street trees, and street asphalt. Additional street improvements will also be provided, consistent with the SOSIP, as described in Section 1.</td>
<td>Yes</td>
</tr>
</tbody>
</table>
THE RESIDENCES AT BERKELEY PLAZA

Documentation of Project Significant Community Benefits
for the City of Berkeley
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Appendix B: Economic Development and Revitalization
Economic Development and Revitalization

The project team has outlined the projected economic impacts of the Berkeley Plaza project for the City of Berkeley. This analysis is intended to supplement the information provided about community benefits to provide a greater understanding of the overall benefits of the project.

The total annual economic benefit of this project to the City of Berkeley is estimated to be approximately $991,000, an increase of nearly $800,000 every year from the existing economic impact of the site. This annual economic impact is based on the following conclusions:

- The project building cost and future assessed valuation for the completed project is estimated to be $120,000,000, as compared to the current valuation of $19,638,755. This results in a sum of future property taxes and assessments of $778,250, a net tax increase of $577,500 as compared with the sum of current assessments for the property. These taxes include the City of Berkeley’s portion of property taxes, voter approved debt service, and other special assessments such as BUSD school tax measures and maintenance measures, as well as the assessment for the Downtown’s Property-based Business Improvement District.

- The project will bring residents and permanent employees to the site. Residents and employees will spend a portion of their disposable incomes in Berkeley, resulting in approximately $65,242 in sales tax paid to the City of Berkeley annually, an approximately

1 This estimate assumes all current tax rates, and does not account for projected increases in rates or future voter-adopted assessments. This analysis has subtracted City refuse collection fees from the total assessments. The project will pay the City significant fees, yet will also require an increase in services from the City. While the fees paid are assumed to cover the City’s cost of providing services, we have removed this $17,500 annual fee from the assessment to provide a more conservative estimate of City benefit.
$63,728 annual net increase in sales tax to the City of Berkeley from the current use of the property. This number is specifically the 1% of overall sales taxes that are directed to the City of Berkeley. This estimate is based on projected median household incomes and disposable incomes for residents and permanent employees. The estimate uses a conservative estimation for leakage of spending into other cities, and takes into consideration the anticipated portion of employees of the Berkeley Plaza project who will be living in Berkeley. The estimate also accounts for a 5% rolling average vacancy rate – a conservative assumption given the high level of demand for the project.

- The project revenues will result in a Business License Tax fee for the property owner to the City of Berkeley of $147,582\(^2\) annually, not including the gross receipts taxes of individual businesses. This is a significant annual increase from the current business license fees for the property owner of $22,000.\(^3\)

**Temporary Economic Impacts**

In addition to this annual economic impact when the project is operational, the project’s construction will create temporary economic benefits for the City, specifically for temporary construction workers. This temporary economic impact is expected to result in an annual sales tax increase to the City of Berkeley of $19,084, a total of $47,708 over the 2.5 year construction period. This estimate is based on an average wage of $65 per hour.\(^4\) This estimate accounts for disposable income leakage into other cities, and assumes a conservative estimate of the portion of employees who live in Berkeley.

**Other Economic Impacts**

There are a number of economic benefits that the project will provide that were not included in the analysis above.

The project will be required to pay a building permit fee directly to the City of $4.7 million.\(^5\)

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\(^2\) Based on assumed gross receipts to property owner from anticipated income from residential and commercial space, including cinemas.

\(^3\) Current actual annual business license fee for property owner.

\(^4\) Andrew Ball, President, West Region, Suffolk Construction

\(^5\) City of Berkeley Online Fee Estimator
The project will provide a significant affordable housing component, either on-site or to be paid in-lieu to the City’s Housing Trust Fund. This cost was included in Appendix A of this document as a benefit required by the DAP.

The project provided a large sum to the City in the form of a Transfer Tax at the initial time of property transaction leading up to this project. A transfer tax will be triggered again at the time when the development project is finished.

Additionally, increased revenue by commercial tenants on the project site will even further increase sales taxes received by the City. Further, these increased revenues will significantly increase the business license taxes paid annually by individual commercial businesses operating at the Berkeley Plaza. These revenues are difficult to project and therefore are not included in this analysis at this time, but will add greatly to the project’s overall economic impact.