

# Industrial Land Preservation: Key to Green Jobs Growth

By Margot Lederer Prado

"The most important issue facing Oakland today," is how former Planning Commission Chair Mark McClure describes the debate over the conversion of Oakland's approximately 33.8 million square feet of industrial land (and potential job-generating space) for residential use.

Oakland's industrial land is the city's premier "jobshed" area outside of the Downtown/Airport area office core with large tracts of strategically-positioned parcels that can provide a base for the 10,000 good jobs, which Mayor Ron Dellums has vowed to create.

Much of the momentum for industrial land preservation in Oakland is due to the emerging green economy and clean tech scientific and energy industries. When Mayor Dellums signed on to the new Green Corridor Initiative (with other East Bay cities) for entry into the field of biosynthetic fuel and solar cells, he signaled that Oakland is ready for such activities. But questions about the preservation of the remaining areas of industrial land, and the production and distribution jobs that have served as Oakland's jobshed for a century, still remain.

Can Oakland court these new industries while preserving and encouraging its baseline of production, distribution, business-to-business supply and repair, and other existing quality jobs that have provided generations of Oaklanders with a decent living wage, career longevity, and family benefits?

## New Jobs, Old Jobs—Good Jobs, Bad Jobs

Increasingly, Oakland has been attracting artisan food production, green building material markets, such as sustainable lumber, tile and granite, and emerging ventures in print, digital arts, and related media activities. "Valued-added" production and distribution businesses and other ventures are attracted to Oakland's strategic location in the Bay Area, the quality of its workforce, and its cultural diversity.

However, these businesses are finding it nearly impossible to grow their facilities because of a paltry industrial vacancy rate of 3.9 percent in Oakland and less than five percent along the I-880 corridor (CB Richard Ellis Industrial Market Report, Fourth Quarter, 2007). Meanwhile,

## Oakland's Job Picture by Numbers

Two of the biggest employers in Oakland, according to a 2004 EDD report, are Transportation and Trucking (11,551 jobs) and Postal/Delivery/Courier services (7,283 jobs), thanks to Oakland's easy access to freeway networks, railways, a seaport, and an airport. Other major employers are Food Processing (about 1675 jobs), Recycling (about 1,000 jobs), and Construction (about 950 jobs). The total number of "industrial" jobs, including the Port and Airport, was nearly 50,000.

Also, according to the California State Department of Commerce, manufacturing jobs in particular offer a high multiplier effect of 1:3. In other words, every new manufacturing job supports three other jobs. These jobs, surveys show, are often local and created by supplier networks that value "just in time" delivery over high-cost long distance shipping. Key players in this area of symbiotic job creation are beverage distribution (with a local industry spender multiplier of 2.28) and food processing, both of which typically generate a high number of jobs per square foot of space.

While employment numbers show a decrease during the 2001-04 period, a report on "The State of Manufacturing in California" by the Bay Area Economic Forum (2005), shows a net increase in the number of businesses (from 1,777 to 1,984) during the same period in Oakland. This seems to confirm the growing trend towards small business in California and especially in the Bay Area where streamlined, value added businesses, such as artisan foods, digital media, recording and sound technologies, smart engineered cooling technologies, and green building product development thrive.

highly visible "underutilized" land and buildings are being withheld for future "higher value" deals, or offered at rates above feasible production market values. Still, new investment interest in large industrial facilities continues

to grow, as demonstrated by the 2007 sale of two 10-acre manufacturing sites to Bay Area commercial investors, creating over \$50 million in private investment in a single industrial district of Oakland.

### Industrial Land Preservation Strikes a Chord

The preservation of Oakland's industrial land was one of the most popular issues considered by Mayor Dellums' citizen task forces on housing, planning, and economic development. According to J. Douglas Allen-Taylor's account of the task force meetings (*Daily Planet*, March 27, 2007), members voted 19-0 for the Dellums administration to "develop and review an industrial land conversion policy to prioritize industrial retention and, if converted, to prioritize rezoned land for affordable housing."

In fact, since 2002, thanks to the efforts of the Zoning Update Committee, there has been substantial public debate on the issue and a commitment from Commissioner Annie Mudge and former Commissioner Michael Lighty to follow General Plan policy and discourage an agenda that allows conversions through the policy "back door." With the arrival of new Commissioner Doug Boxer, well versed in economic development policies from his work in the Los Angeles Mayor's Office of Economic Development, there has been a thoughtful approach to policy setting and regulatory action through the development of new zoning, which respects a need for residential buffers, while preserving land for essential job- and revenue-creating enterprises.

### Back to Basics

New industries cannot survive in the absence of a network of business-to-business suppliers, commonly known as "Backstreet Businesses." Production jobs in industries, such as construction materials, food processing, and fabrication, in addition to offering decent wages, stability, and career ladders to the non-college educated, also offer technical skills training. In Oakland, these production and distribution jobs are limited to the industrially-zoned land within the narrow belt of the San Leandro corridor in East Oakland, the East Oakland Airport Park and Estuary-adjacent lands, the northern end of Jack London Square, and the area adjoining the upper Mandela Parkway.

Quantifying the benefits of sustainable industrial districts, however, is more than a simple job count or tally of business license revenues to the City. Indeed, getting an accurate representation of local jobs requires ongoing active participation in business planning by the residents who represent the workforce, the business leaders, and city government. Jobsheds need to be viewed from the perspective of both, improvement of infrastructure to retain and court modern production, as well as the knitting of the business-residential fabric to ease environmental concerns. To grow local jobs, the City of Oakland and its councilmembers need to better understand the relationships between its residential and industrial neighborhoods, while at the same time, clearing a path for the growth of quality green and sustainable jobs for Oaklanders. ■

## City Council Supports Industrial Preservation Concept but Passes Significant Exceptions

In February 2008, the Planning Commission signaled its support for industrial land preservation recommending the city council declare:

- Industrially designated land in the City of Oakland is a scarce resource.
- The preservation of industrially designated land is vital for the future economic growth of the City of Oakland.
- The city recognizes that land use patterns

change over time more quickly than General Plan updates occur and that amendments may be necessary.

- Amendments to the General Plan to allow conversion of industrially designated land to residential uses should be restricted to projects that fulfill the required findings based on criteria developed through a public process for evaluating such conversions.

Most of these recommendations were adopted by the City Council on March 5, 2008, with city staff directed to come back with specific criteria for the conversion process. However, at the same meeting the council approved the likely conversion of one entire section of an industrial district on the waterfront, and will allow (by application) amendments to rezone land in three other industrial districts, pending consistency with yet-to-be created criteria.

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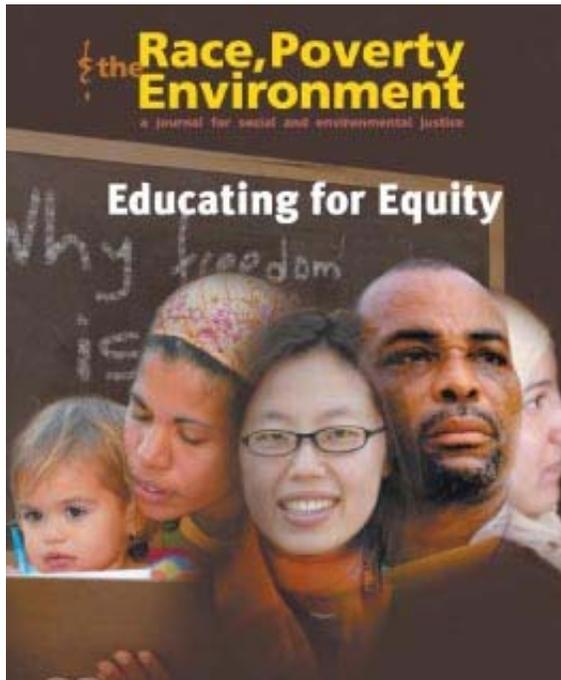
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