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## **After lull, housing heats up**

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[Seth Hamalian](#) has high hopes for Oakland's Uptown neighborhood: 20-story-high hopes. The developer, who spent the last decade working on the revitalization of Mission Bay in San Francisco, is one of several developers betting that now is the time to invest in Oakland.

Hamalian proposed a 20-story residential tower on Broadway in the heart of Uptown, an area that went from urban decay to thriving as one of the city's hippest and busiest entertainment districts.

"If you had gone to Dogpatch or Mid-Market (in San Francisco) a few years ago, you would have had to do a lot of convincing to get people to want to build there. Likewise, Oakland had some markets where you had to be a pioneer," said Hamalian, managing principal of the Mission Bay Development Group, whose first residential project in Oakland is the tower proposed for Broadway. "Uptown had to take some convincing, but developers don't feel like pioneers there anymore."

The economic recovery sparked a development boom in Oakland this past year with developers reviving projects approved before the recession and kicking off development of hundreds of new units to hit the market in the next three to four years.

The recent activity stands in stark contrast to the slowdown in construction during the economic downturn. In 2013, developer [John Protopappas](#) of Madison Park Financial brought the only market-rate apartments to the Oakland market with the opening of Bakery Lofts 3, a \$19 million, 79-unit project that is about 75 percent leased.

Protopappas plans to keep building — he broke ground on a 92-unit project this year and plans to break ground on 100 more units next year — but his distinction as Oakland's lone builder is fading away.

Another firm, Signature Development Group starts construction early next year on 104 apartments at the Hive at 23rd Street and Broadway, also in Uptown, where 100,000 square feet of commercial and retail space are already underway.

Signature also plans to break ground next year on the infrastructure for a massive housing and

mixed-used project called Brooklyn Basin, formerly known as Oak to Ninth. The project will include 3,100 homes as well as 200,000 square feet of commercial space, 30 acres of new parks and a marina.

**Ellis Partners** LLC is revamping its plans to transform Jack London Square with a proposal to build up to 665 housing units.

The developer submitted an application to the City of Oakland to amend a previous development plan. The new plan calls for two housing towers of more than 20 stories on sites currently entitled for office and housing development.

[Rachel O'Dwyer Flynn](#), director of Oakland's planning and building department, said Oakland is catching up to San Francisco in residential building starts.

"We're seeing more permit applications coming in as rents start to rise," she said.

Flynn says her department has gotten applications for housing developments all over downtown, including up to another 300 units on Broadway, 665 units in Jack London Square, 142 apartments on Telegraph Avenue and 29th Street, a 200-unit highrise near the Henry J. Kaiser Center, and 115 townhouses in West Oakland.

While developers historically have had a harder time getting financing for projects in Oakland compared to San Francisco, they're finding it much easier now, Flynn said.

"Lenders are looking at market rates. San Francisco apartments get about \$5 to \$7 per square foot for new housing, while we're getting \$2 to \$4 per square foot, depending on the area. Construction costs between the two cities are not that different, so it's really about the rents. Oakland's rents are up 15 to 20 percent in the past year, making housing projects more feasible."

As gentrification spreads, lenders feel Oakland isn't such a risky bet anymore, Hamalian said. Oakland is also attractive because there's more room for growth, both in rents and physical space.

"There's not much left of either in San Francisco, but Oakland has many up-and-coming neighborhoods," he said.

And the larger parcels mean better economies of scale, which appeals to Protopappas.

"There are plenty of formerly industrial locations no longer suitable for that use, so large blocks of land are now being re-zoned for residential use," he said. After Lampwork Lofts is completed, Madison Park Financial will break ground on a 101-unit building at 3900 Adeline St., which straddles the Oakland/Emeryville border, and Protopappas will continue looking for more sites in West Oakland.

Hamalian sees the most upside in Uptown, downtown and Jack London Square. "What I like

about those areas is the amazing access to job centers. You're got a quick commute to San Francisco, Berkeley, Emeryville, Walnut Creek, Dublin/Pleasanton and downtown Oakland."

The demographics for housing hunters are similar to those in San Francisco — young tech workers looking for lifestyle more than schools and big yards.

"They don't need much space, and they're more interested in building and neighborhood amenities," said Hamalian. "While there might be more willingness to accept micro-units in San Francisco, I think they would fly in a good urban location like Oakland."

Another big advantage for Oakland is that it's easier to get housing permitted and started than in San Francisco. The latter is famously nitpicky when it comes to approving any type of construction, but Oakland gets developers' nods for establishing good working relationships.

"There are lots of professional architects and engineers working in its Planning Department, and they're eager to make things happen," said Protopappas. "They're willing to communicate, look at our issues, and that makes the process much more predictable."

Another sign that Oakland is a hot housing market: developers haven't asked for tax incentives or financial breaks, Flynn said. "You can feel it in the air — people are excited and ready to start building. And we're glad to have them."