

From the San Francisco Business Times:

<https://www.bizjournals.com/sanfrancisco/news/2018/05/01/alameda-marina-housing-waterfront-development.html>

Developer bulks up huge East Bay waterfront housing project

SUBSCRIBER CONTENT:

May 1, 2018, 2:37pm PDT Updated: May 2, 2018, 10:55am PDT

The 44-acre Alameda Marina could be redeveloped with 760 new homes, 3.4 acres of parks and up to 250,000 square feet of new commercial space in one of the largest projects in the East Bay.

Developer Bay West and owner Pacific Shops Inc. submitted a proposal in 2016 and have since increased the amount of housing and added a boat repair station in a service ship. The city's Planning Board is set to vote on the Alameda Marina on May 29. The project could receive final approval later this year.



TODD JOHNSON | SAN FRANCISCO BUSINESS TIMES

The development — which spans Clement Avenue between Alameda Marina Drive and Willow Street — is one of three major Alameda waterfront projects that would add over 2,000 units to the city. The others include the approved 800-unit Alameda Point Site A project and 589-unit Encinal Terminals a half-mile west of Alameda Marina, whose future is uncertain after the city rejected a land swap proposal in December. The island is seeing a development boom after banning apartments for decades.

"We have a critical housing shortage. We need, as Alamedans, to address that larger issue," said Sean Murphy, partner with Bay West.

Plans call for two apartment buildings with units averaging 800 square feet, and three areas with 1,400 to 2,300-square-foot for-sale townhomes and stacked flats. The buildings would be 45 to 65 feet tall. The project includes 103 on-site affordable units, with income restrictions ranging from 50 percent to 120 percent of area median income.

The developers say the housing portion is crucial to funding repairs for the decaying seawall on the site. It will take an estimated \$35 million to fix the 70-year-old seawall and another \$42 million for infrastructure for the project. That includes elevating the western part of the project by 18 to 24 inches to protect against anticipated sea level rise. Bay West and Pacific Shops Inc. have already spent \$3 million in repairs and maintenance since acquiring the property in 2006.

"We need to solve the seawall as quickly as we can, but we can't do the maritime core without at least one housing component, because that really is the mechanism that pays," said Murphy.

Without a project, the city would have to pay for the repairs itself.

"The city has that obligation to fix up what is a crumbling waterfront if we don't. It's a race to the finish line. This thing has to be solved. We're the right people...to solve it," said Bill Poland, founder of Bay West.

Bay West is seeking to preserve and expand the maritime businesses currently occupying the site. There are currently 223 jobs on the site, which the developer is seeking to double. Future tenants could include "blue tech" companies that are involved in maritime work.

Murphy said 11 of the 37 existing commercial buildings, mostly built before 1943, would be preserved, but the amount of new commercial space built will depend on demand.

"We want to have really strong and vibrant businesses," said Murphy. "We'll see what the depth of that market is."

Many of the existing tenants aren't using all of their space. Some warehouse areas could be refurbished, said Murphy. Existing annual rents are around \$12 per square foot, and most tenants are month to month, he said.

News of the redevelopment was "a moment of anxiety" for Eric Gantos, owner of Hot Rod Shops Inc., a 20-person design and construction firm that currently occupies nearly 40,000 square feet in six buildings at the Marina.

He largely supports the project now and recognizes the need for renovating or replacing the existing commercial buildings.

"Some of them are great, but they're old. They were built for the war effort, they're running out of steam," said Gantos, who also lives at the Marina on a boat. "The history of this is fantastic, but all things come to an end and need to modernize...otherwise, this place is going to fall down."

The project faces opposition from a group called Save Alameda's Working Waterfront, which is concerned over displacement of existing maritime businesses and traffic congestion from the project.

Some businesses have left the Marina. Longtime tenant Svendsen's Boat Works is moving from the marina to Richmond after being acquired by another firm. The lease of Deep Ocean Exploration and Research Marine, a submarine company, was not renewed because of nonpayment of rent, said Poland. Alan Hebert, a critic of the project, had a dry boat storage license at the Marina that wasn't renewed.

After a Planning Board recommendation, the project requires approval by the City Council, San Francisco Bay Conservation and Development Commission and Army Corp of Engineers. The developer's lease for the city-controlled Marina portion of the site requires infrastructure construction to start by the end of 2019, said Murphy. If approved, housing could begin construction by early 2020, he said.

KTGY and StudioFCF are the architects. A general contractor hasn't been selected. The project doesn't have a full budget but will cost hundreds of millions of dollars to complete, with construction taking up to a decade, said Murphy.

Correction: The story previously inaccurately described the status of two former tenants.

Roland Li
Reporter
San Francisco Business Times



