



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: January 18, 2022

TO: Christine Daniel, City Manager

FROM: Charles S. Bryant, Community Development Director

SUBJECT: Study Session – Christie Avenue Sites

RECOMMENDATION

Staff requests that the City Council consider this staff report and provide direction.

BACKGROUND

The City owns three parcels at 5890, 5900 and 6150 Christie Avenue, which total 2.01 acres, bounded to the north by Christie Park, to the west by Christie Avenue, to the east by the Marketplace Redevelopment Project, and to the south by a parking structure that serves an office building at 5850 Shellmound Way. Together, these properties comprise the “Christie Sites” (Assessor Parcel Numbers 49-1493-3, -4 and -5). There is an access and utility easement between 5890 and 5900 Christie Avenue that looks like a City street, and is signed as “59th Street”, but it is not public right-of-way and is actually a portion of the two adjacent parcels to the south and north.

The Christie Sites were acquired using low and moderate-income housing funds by the former Emeryville Redevelopment Agency. Due to the Christie Sites’ status as a former redevelopment “housing asset”, California Health and Safety Code (“HSC”) Section 33334.16 applies, which requires activities to develop the properties for affordable housing to be initiated within five years from the date of transfer to the Housing Successor. Otherwise, the properties must be sold, and the proceeds deposited in the City’s Low-Moderate Income Housing Asset Fund.

For the Christie Sites, the time periods described in HSC Section 33334.16 commenced on the date that the California Department of Finance approved the property as a housing asset, or August 31, 2012. On July 25, 2017 the Emeryville City Council adopted Resolution No. 17-130, which extended the time period to initiate development by five years, to September 1, 2022.

The Planning Commission and City Council each held study sessions regarding the Christie Sites on December 11, 2014 and February 3, 2015, respectively.

The Planning Commission’s comments may be summarized as follows:

- Christie Park should be expanded, but not for the entirety of the Christie Sites.
- The properties are valuable housing sites, particularly as ownership units.
- The properties would be best developed as an integrated site, with affordable housing mixed in with market rate units.
- Include townhome units, with porches.
- The access easement should be relocated so that it lines up with the west-facing pedestrian entrance of the Public Market.
- Small-scale retail would be difficult at this location; focus on a single, anchor destination.
- Partner with other organizations/entities for interesting non-residential uses (e.g. gallery space).
- Encourage a green street, rather than zero lot line development.

The City Council's comments included the following:

- General support for expansion of Christie Park.
- Development of mixed-income, ownership housing, with the affordable units fully integrated into the development.
- Nonresidential uses mentioned by Council members included hotel, conference, and entertainment uses, but not small-scale retail.

These City-owned parcels represent a significant opportunity to leverage private investment to achieve the community's goals and objectives, and the City must move expeditiously to meet the requirements of HSC Section 33334.16. Since it has been several years since the City Council last provided feedback on development of these parcels, and economic circumstances have changed, staff is seeking updated direction from the City Council on the redevelopment of these properties. The City Council's input will inform the next steps in a developer solicitation process, described in more detail below.

DISCUSSION

Existing Conditions

The parcels at 5890 and 5900 Christie Avenue are currently improved with two commercial buildings, a small storage shed, and a surface parking lot. The buildings were previously occupied by general office and retail uses and are currently occupied by the City's Public Works Department as an interim corporation yard pending environmental remediation of the permanent corporation yard at 5679 Horton Street.

A 50-foot-wide easement runs through the property and provides vehicular and pedestrian access to the Public Market property from Christie Avenue as well as sewer lines and other public utilities. This easement would likely need to be preserved as part of redevelopment of the properties, although development of the air rights above it may be possible, and it might be possible to relocate it.

The parcel at 6150 Christie Avenue is currently fenced and vacant. The majority of the site is approximately four to six feet below the surrounding grades. A multifamily residential project had previously been approved for the site, but the developer abandoned the project soon after the commencement of construction and the entitlements expired. As a result, there is a foundation structure on approximately two-thirds of the property, extending from the eastern edge, comprised of a grid of driven pre-stressed concrete piles and connecting grade beams.

The Christie Sites are adjacent to the Marketplace project, which is an approved Planned Unit Development consisting of residential and commercial uses, structured parking, relocation of Shellmound Street, and the expansion of Christie Park. In addition to the Marketplace project, there are several existing commercial and residential uses in the vicinity of the Christie Sites. Immediately across Christie Avenue and running north are three residential projects: Christie Avenue Commons (a live-work project), Pacific Park Plaza, and Avenue 64. Across Christie Avenue and running south is a small commercial property currently housing a FedEx retail location. Farther south at 5801 Christie Avenue is a large commercial site that is currently proposed for a mixed-use project, including research and development, and residential uses.

General Plan and Zoning

The City's General Plan classifies the Christie Sites for "Mixed Use with Residential" use, which is described as: "One or more of a variety of residential and non-residential uses including but not limited to offices, retail and hotel." The area falls within one of the specific areas of change identified in the General Plan Areas of Change and Stability diagram. Land Use Policy LU-P-24 states: "The Marketplace and adjacent parcels shall be encouraged to redevelop with a mix of uses, and iconic mid to high-rise development."

The 2015-2023 General Plan Housing Element ("Housing Element") includes an inventory of sites that is intended to demonstrate that the City has adequate sites to accommodate its Regional Housing Needs Allocation during the 2015-2023 planning period. The Housing Element identifies the Christie Sites as a "Vacant and Underutilized Residential Site" with 270 "maximum units" indicated (i.e., residential density not including development bonus) and "realistic capacity" of 203. For the purposes of the Housing Element, realistic capacity is a conservative estimate of 75% of the base maximum residential density, which allows for unique site considerations and potential mixes of uses.

The zoning of the Christie Sites is "MUR" - Mixed Use with Residential. The MUR district requires a mix of uses, one of which must be residential, on sites of one acre or more. Other uses must come from the retail, office, hotel, recreational, and/or industrial and agricultural mixed-use groups as listed in the Planning Regulations. Other uses are also allowed. The exact mix of uses is not specified but is to be determined by the Planning Commission as part of the entitlement process. The properties also are within two overlay zones: The Pedestrian Priority Overlay and the Transit Hub Overlay. The Pedestrian

Priority Overlay invokes the provisions of the Emeryville Design Guidelines for Pedestrian Priority Zones, while the Transit Hub Overlay reduces parking maximums by 50%.

The Christie Sites are in the “Core Area”, in which the residential density, floor area ratio (FAR), and height limits are the highest in the city. The maximum allowed residential density is 85 units per acre “base” (i.e., by right) and up to 170 units per acre with a development bonus. The maximum allowed FAR is 3.0 base and up to 6.0 with a development bonus. The height limit is 75 base, and 100+ feet, with no specific maximum height limit, with a development bonus. High-rises over 100 feet are required to have exemplary design, cause minimal impacts, and provide community amenities.

The Christie Sites may be developed above the base limits outlined above either in accordance with the State Density Bonus Law or the City’s development bonus program as outlined in Emeryville Municipal Code Section 9-4.204. Under the City’s development bonus program, bonus points are earned for providing affordable housing and other community benefits.

Affordable Bond Expenditure and Administration Plan

On March 2, 2021, the City Council approved the Affordable Housing Bond Administration and Expenditure Plan (“Expenditure Plan”). This plan guides the expenditure of \$50,000,000 in Measure C Affordable Housing Bond funds authorized by Emeryville voters, as well as approximately \$14,000,000 in additional affordable housing resources available to the City, for a total investment of over \$64,000,000.

The Expenditure Plan includes the Christie Sites as part of its Rental Production program area and allocates \$250,000 from the Affordable Housing Fund (Fund 299) and \$23,410,000 from anticipated Measure C Affordable Housing Bond proceeds, for a total allocation of \$23,660,000 for development of the Christie Sites.

The Expenditure Plan also establishes performance measures including production goals and income targeting for each program in the plan. For the Christie Sites, the Expenditure Plan performance measures establish a production goal of 158 affordable units, with 66 units targeted to very low-income households, 42 units to low-income households, and 50 units to moderate-income households. Additionally, eight units are targeted to special needs populations, which may be included in any of the aforementioned income groups. The income targeting methodology of the Expenditure Plan was designed to align with the City’s projected 2023-2031 Regional Housing Needs Allocation (RHNA). It is important to note that the Expenditure Plan performance measures are not necessarily determinative of what must be produced in any specific program or project, but rather are meant as a guide to assist the City in evaluating outcomes from the Measure C Affordable Housing Bond program.

Environmental Considerations

The City conducted environmental due diligence prior to acquiring the Christie Sites. The Christie Sites' history of uses such as paint, roofing products, and floor covering production indicated a potential for site contamination.

In 2011, the City conducted preliminary testing to obtain a measure of the severity and extent of contamination. Given the size of the Christie Sites, the preliminary testing was not a comprehensive characterization of the site but yielded a basic understanding. The results of testing indicated the Christie Sites had been constructed on landfill, and in places the material used to fill the area once occupied by San Francisco Bay contain waste materials. Slag, metals-bearing soil, and long-chain hydrocarbons have been detected in fill soil. Factory processes constructed on the filled area contributed further contamination, although most was petroleum spilled in association with storage/dispensing of fuel products.

A thorough understanding of the precise nature and extent of contamination is essential for the purposes of evaluating remediation alternatives and calculating the cost of cleanup, which impacts the financial feasibility of development alternatives. Staff will be recommending that the City retain an environmental consulting firm to advance the City's understanding of environmental condition of the Christie Sites, as discussed further under "Next Steps", below.

Financial/Legal Considerations

As discussed above, the Christie Sites were acquired using low and moderate-income housing funds by the former Emeryville Redevelopment Agency and, consequently, the properties must be used for the development of affordable housing. Staff will be analyzing the degree to which uses other than affordable housing (including park expansion, market-rate housing and nonresidential uses) may be developed on the Christie Sites in compliance with applicable state law.

Additionally, Assembly Bill ("AB") 1486 and AB 1255 made changes to the Surplus Lands Act ("SLA", Government Code, Title 5, Division 2, Part 1, Chapter 5, Article 8. Surplus Land) which may have implications for the Christie Sites. Specifically, the SLA now includes provisions requiring local agencies to notify the State Housing and Community Development Department ("HCD") of its inventory of lands it has declared as "surplus" or "exempt surplus", and includes requirements for noticing HCD and negotiations with interested housing sponsors prior to disposal of surplus lands. Staff will be analyzing the implications, if any, of the SLA on the developer solicitation process for the Christie Sites.

Discussion Questions

Staff is requesting the City Council's feedback on the development of the Christie Sites. Discussion on the following questions will provide specificity in determining the City Council's priorities for the property within the bounds of economic and legal feasibility.

1) Housing: Mixed-income or 100% affordable?

In prior study sessions regarding the Christie Sites, both the Planning Commission and City Council expressed general support for the development of mixed-income housing. If this is still the City Council's preference, staff will evaluate the degree to which market rate housing may be developed on a former redevelopment housing asset.

2) Housing: Ownership, rental or a combination of both?

In prior study sessions, both the Planning Commission and City Council expressed support for the development of ownership housing. This preference must be viewed in conjunction with the City Council's affordability goals, since affordable ownership housing is likely to require extraordinary subsidy and may not be economically feasible.

3) Land Use: What types of nonresidential uses?

In prior study sessions, small scale neighborhood retail was viewed as less viable than single, destination-oriented nonresidential uses including retail, hotel, and entertainment uses. The current economic environment is not favorable to hotel development due to the ongoing pandemic, and retail continues to face economic pressure; however, these uses can provide long-term fiscal benefits to the City, and there are other nonresidential uses that could be introduced to the site. The extent of nonresidential uses that may be developed will require additional analysis by staff for consistency with state law.

4) Land Use: Should Christie Park be expanded?

Prior study sessions indicated support for the expansion of Christie Park. The extent of this expansion will similarly require analysis for consistency with requirements relating to former redevelopment housing assets.

5) Transportation and Circulation: Are there specific transportation priorities to be addressed?

The Planning Commission expressed interest in the relocation of the easement to align with the west entry of the Public Market food hall. Because of existing utilities located in this easement, including storm drains, this may be a significant expense, and relocation of the easement will require cooperation by the benefiting property owner (Public Market). There may be opportunities for additional transportation improvements to be advanced as part of the development of the Christie Avenue Sites, particularly for nonmotorized transportation. The City's current Pedestrian and Bicycle Plan identifies the area around the Christie Sites as having sidewalk gaps, in need of transit stop improvements, and in need of an improved connection between Shellmound Street and Christie Avenue.

Next Steps

In order to best position the City to meet the requirements of HSC 33334.16, the City must move expeditiously to advance the development of the Christie Sites. As part of the City Council's January 18, 2022, regular meeting consent calendar, staff will recommend that the City retain David Paul Rosen and Associates to assist in defining the development program and identifying a developer partner through a Request for Qualifications/Proposals ("RFQ/P") process. The RFQ/P will be a two-step process where the City will invite developers to submit their qualifications and financial capabilities, submittals will be evaluated to determine a short list of qualified developers, and the developers will submit proposals for the Christie Sites. The proposals will be further refined through the selection process as well as negotiation of an exclusive right to negotiate agreement and lease disposition and development agreement with the selected developer.

Staff will also recommend engaging PES Environmental to begin the work of characterizing the Christie Sites' environmental condition, identifying remediation alternatives and associated preliminary cost estimates on a parallel track, which will generate information that will help inform developers' responses to the RFQ/P and staff's evaluation of project financing.

FISCAL IMPACT

This item is for informational and discussion purposes only and has no direct fiscal impact.

STAFF COMMUNICATION WITH THE PUBLIC

None.

CONFLICT OF INTEREST

None.

CONCLUSION

Staff requests that the Council discuss the Christie Sites and provide feedback on the questions outlined in this report.

PREPARED BY: Chadrick Smalley, Economic Development and Housing Manager

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**

A handwritten signature in blue ink, appearing to be 'CD' with a stylized flourish.

Christine Daniel, City Manager

ATTACHMENTS:

1. Aerial photo of Christie Sites
2. Assessor Parcel Map