



Community Development Update

July-September 2010

Although the regional economy remains sluggish, the progress of several key projects and some positive signs in recent data reports suggest that San Leandro is weathering the storm. This report provides an update on major projects as well as several other developments in the City.

Major Project Updates

- Work is underway on a **new Chrysler/Dodge/Jeep** dealership at 1444 Marina Boulevard. The site formerly contained a GMC/Pontiac dealership and has been vacant for about a year. Work is expected to be completed in the coming months with the new business opening shortly thereafter. This new opening provides further evidence that the San Leandro Automall has survived the downturn and is well positioned to capitalize on an economic recovery.



- On September 20, the City Council approved a contract with Webcor Construction for the **Estudillo-Callan Garage** project. The four story structure will contain 395 spaces and will be funded with redevelopment tax increment. Use of the current garage will cease on November 1 and staff is working with all current parking permit holders to establish parking arrangements at one of two **replacement parking lots**: the former Albertsons on East 14th and the former Chamber of Commerce site at Davis and Hays. Anyone with questions on parking options during the construction period should contact Tim Ricard at (510) 577-3315.

Planning, Zoning, and Building Updates

- Staff is reviewing an application for **redevelopment of 2450 Washington Avenue**. The applicant wishes to redevelop the 2.85 acre site (currently developed with a multi-story 43,200 square foot medical office building) with a 66-unit residential multi-family project. The units will be rental apartments.

The property is currently zoned Professional and General Plan designated Office. The request is for a rezone to Multi-Family Residential and to a General Plan designation of High Density Residential. A conceptual section plan is shown below:



- Staff is presently conducting a Site Plan Review for building the planned facilities at the **Davis Street Transfer Station (DSTS)** necessary to implement the **Master Plan Improvements** adopted by the City in 1998. Under the permit, Waste Management of Alameda County, Inc. was granted zoning approval to accept up to 5,600 tons per day of waste at DSTS, and to construct a number of facilities to provide comprehensive solid waste services benefitting the City and other jurisdictions in the area. Certain improvements have been completed and are in operation, while business, financial and, in some cases, technological reasons have dictated the timing of other improvements. This Site Plan Review provides a further description of the remaining facilities to be built.
- The **BART-Pedestrian Interface Study** is nearing completion with the implementation plan and other final documents headed for hearings with the Planning Commission and City Council in the coming weeks. Staff has completed the 35% engineering drawings associated with this plan and recently began the process of upgrading those plans to 100% drawings for use as final construction documents for the San Leandro Boulevard Improvement Project. These improvements will be funded by MTC's TLC \$5 million grant recently award to the City. The TLC Grant improvements include: landscaping along San Leandro Boulevard, decreasing the size of San Leandro Boulevard from 7 lanes to 5; widening the sidewalks; adding a new street light at Parrott Street, increasing pedestrian access to the BART station with new crosswalks; adding a new bus shelter in front of the Wells Fargo bank on E. 14th street, and; installing new way-finding signs in the downtown area.
- **Wendy's** restaurant at 1185 San Leandro Boulevard was administratively approved through the Zoning Enforcement Official to remodel the exterior of the building with a new fresh appearance. The solarium, parapet fascia and exterior brick veneer will be removed and upgraded with a stone veneer wainscot, cement plaster walls, metal awnings, and a vertical corner element that includes standing seam metal roofing and new walls signs.



- **Kaiser Permanente** began construction on Phase 1 of the San Leandro Medical Center. To date, the site has been rough graded and on-site underground utilities are being installed. Kaiser is also making utility connections on Merced Street and has begun work on the foundation for the hospital.
- A planning application has been submitted for a new sit-down and drive-through **Taco Bell** at 15501 Hesperian Boulevard, formerly a Baker Square restaurant.

Housing and CDBG

- **CDBG Funding Recipient Spotlight: Davis Street Family Resource Center**

Davis Street Family Resource Center (DSFRC), the multi-service center headed by Executive Director Rose Johnson, has been providing supportive services to homeless and low-income persons and families in San Leandro for decades. The City continues to provide CDBG public services funds to DSFRC's Basic Needs Program which provides individuals and families with comprehensive services, including emergency food, clothing, child care, healthcare, mental health, and employment services that are designed to



give them the tools necessary to support themselves and improve their quality of life. DSFRC provided services to an annual average of more than 5,000 persons between 2005 and 2008. In the past two years, though, this figure has increased five-fold to more than 27,000 persons who requested services in the midst of the nation's severe economic downturn.

This past fiscal year, the City provided DSFRC with \$500,000 in CDBG Capital Improvement Project (CIP) loan funds to assist in the acquisition of its facility, purchased on June 30, 2010. DSFRC will now be able to reallocate the overhead costs for rent (roughly 15% of its fundraising dollars) to the programs and services it provides to the community.

DSFRC, through \$1.5 million in stimulus funding for homeless prevention and re-housing, has been established as the Mid-County Housing Resource Center (HRC). Since November 2009, the HRC has provided support and case management to prevent 290 San Leandrans from being homeless and to re-house 40 San Leandrans.

- **Estabrook Place**, a new 51-unit affordable senior apartment complex located at 2103 East 14th Street (and Estabrook Street) is fully leased. Over 70% of the tenants were San Leandro residents or employed in the City prior to moving in. The grand opening occurred on September 23 although construction was completed in late spring.

- The California Senate Office of Oversight and Outcomes published a report on September 30, 2010 entitled “**Where Does the Affordable Housing Money Go?: Administrative Spending by Redevelopment Agencies Lacks Accountability.**” The report examined how a sampling of redevelopment agencies in the State spent their Redevelopment Housing Set-Aside funds allowed for planning and general administration. A dozen RDAs were evaluated of which seven had demonstrated problematic and high expenditures for planning/general administration and the remaining five, including San Leandro, were randomly selected.

The report recognized San Leandro for spending Set-Aside funds reasonably for planning/general administration costs in comparison to the majority of other agencies sampled and making substantial progress in development affordable housing in the City.

Highlights include mention that the San Leandro RDA was one of only two agencies studied that had a direct and documented accounting system to pay staff for legitimate Set-Aside related housing activities and issues. Also, most of the cities sampled did not have their city councils make appropriate findings that “planning and administration expense...is necessary for the production, improvement, or preservation of low and moderate income housing.” The San Leandro RDA was one of only a few agencies in the study to annually make this finding via Council resolution as part of its annual budget process.

- The City Council adopted a zoning and land use **Reasonable Accommodation Policy** in the Municipal Code on September 20. The proposed amendment utilizes the City’s existing Reasonable Accommodation policy (which addresses City facilities, services and programs) in terms of procedures, costs to the City, and timelines for staff determinations, but the amendment would add zoning and land use constraints to the list of grievances available for remedy by the City. The amended procedure does not define or list all possible exceptions or variances, however the exceptions can be raised by the applicant seeking relief based on the circumstances of the subject property. This amendment should also make the City’s recently adopted Housing Element eligible for certification by the California Department of Housing and Community Development.

Redevelopment and Business Development

- **Halus Power Systems**, which purchased a warehouse building on Grant Avenue earlier this year, has moved in and begun operations here in San Leandro. Halus is the wind industry’s leading provider of remanufactured commercial scale wind turbines. The company was also recently featured in a San Francisco Chronicle article that noted the use of a \$2.1 million Small Business Administration loan for the property purchase as well as stimulus funds to subsidize the cost of five new hires.
- The **International Brotherhood of Electrical Workers (IBEW) Local 595** will hold a groundbreaking ceremony for their future **training center in San Leandro** at 14600 Catalina Street on October 11 from 4-6 pm. This 46,000 square foot facility will be the home for the

over 2,000 Journey level electricians, apprentices, and contractors in Alameda County who represent IBEW Local 595 and the National Electrical Contractors Association.

A press-release from the IBEW states that “this environmentally friendly building will train on the latest energy-efficient construction methods while modeling the latest sustainability practices. A goal of the facility will be to obtain a LEED certification, with the possibility of being a net zero energy building. The City of San Leandro has been instrumental in supporting IBEW and NECA's efforts for a brighter future; a future that provides environmentally friendly living wage jobs for the citizens of its community.”

- Work was recently completed on a successful **Commercial Rehabilitation Project at Mike's Feed & Pets** on East 14th Street. The project included new paint and signage and was funded in part by the Redevelopment Agency.



- On September 20, the **Redevelopment Agency approved its Five-Year Implementation Plan for 2010-2014**. The Plan is required by state law and contains an assessment of priority programs and projects for the coming years, organized by Redevelopment Project Area.

Critical input for the Implementation Plan was provided by the City's Redevelopment Advisory Committee which met monthly for the past year to help with the identification of priorities. The Plan can be found online at:

<http://www.sanleandro.org/depts/cd/bizdev/redev/5yr.asp>

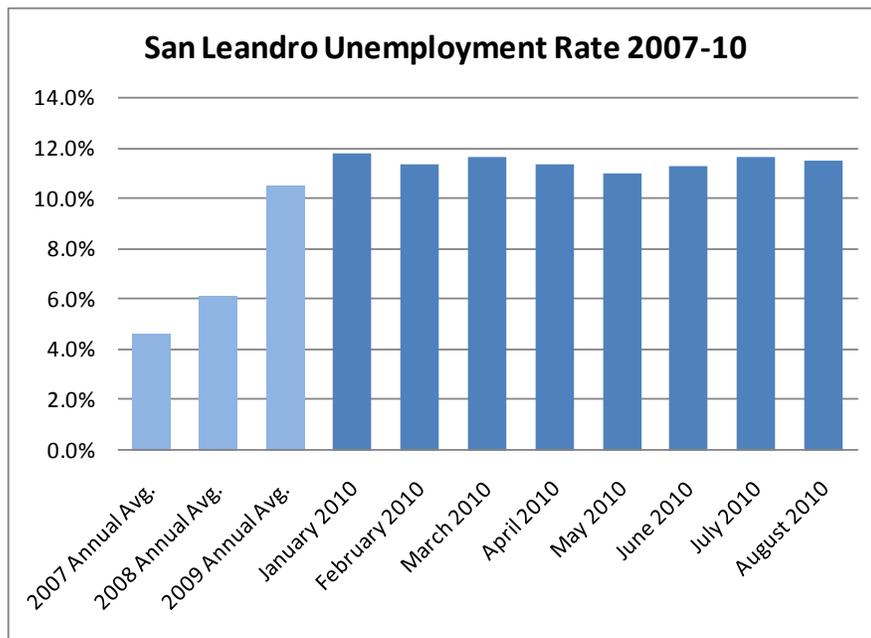
- **The Annex**, the largest coffee warehouse on the West Coast, recently signed a lease to expand from their 77,000 square foot facility in Hayward to a 221,000 square foot location at 1345 Doolittle in San Leandro. Operations previously located in Hayward will now be consolidated in San Leandro. The company cited access to the Port of Oakland as a key factor leading to the move.
- In September, the **East Bay Green Corridor**, a regional coalition that includes San Leandro, was informed by the Governor's Office of Economic Development that it has been designated as a **California Innovation Hub (iHub)**. The iHub Initiative is designed to spur economic recovery and growth by showcasing and supporting California's most promising hubs of innovation. In addition to providing an opportunity to network with other innovative regions, Green Corridor staff has expressed hope that this designation may eventually help the region more effectively take advantage of state and federal funding opportunities.

The Green Corridor also launched a new website (www.ebgreencorridor.org) which contains information on opportunity sites in San Leandro as well as highlights of green businesses. San Leandro's Energy Recovery, Inc. is presently shown on the homepage as the "Featured Green Business."

- The City will soon begin working with ESA associates on a **Harbor Basin Alternatives Study**. The study will be jointly funded with the Shoreline developer, Cal-Coast, and will help all parties evaluate re-use options and identify development concepts for the harbor based on expenditure and revenue estimates as well as environmental and permitting restraints. The goal of the study is to identify economically feasible options that maximize public use of the site.

Economic Trends

- Through the first two months of FY2010-11, the **Division of Building and Safety** issued 455 permits, with a total project valuation of \$5.96 million. The number of permits issued was up 1.3% from the same period of the prior year. The valuation of the projects was also up, rising by 15.3%. The increasing valuation data is encouraging because the final months of 2009-10 saw increasing activity but generally low project valuations. Although it is early in the year, the new data suggests that the quantity and size of development activity may be picking up.
- As with the rest of the state and the nation, **unemployment** remains troublesome in San Leandro. The current rate of 11.5% in San Leandro represents 4,800 unemployed persons. The current rate for California is 12.4% and the current rate for Alameda County is 11.7%.



Source: State of California Employment Development Department

- According to reports by Cornish and Carey Commercial for the third quarter of 2010, San Leandro continues to have a lower **vacancy rate** for commercial space than the rest of the region. San Leandro was also one of only two cities in the eight-city region that had a positive net absorption for the quarter. A summary of the report is shown on the following page.

Vacancy Rates, Q3 2010

	San Leandro			I-880 Corridor		
	Inventory (SF)	Vacancy	Avg. Asking Rate (NNN)	Inventory (SF)	Vacancy	Avg. Asking Rate (NNN)
Industrial	11,238,494	5.09%	\$0.49	58,678,825	6.64%	\$0.57
Warehouse	10,866,789	9.79%	\$0.23	68,953,984	12.93%	\$0.36
R&D	315,807	15.63%	\$0.60	28,197,422	25.90%	\$0.78
Total, All Types	22,421,090	11.70%	\$0.43	155,830,231	12.91%	\$0.55

Source: Cornish and Carey Commercial