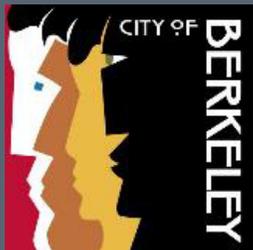


# Ashby BART

## Transit-Oriented Development

City Council

September 16, 2024



# OVERVIEW

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- Background
- Term Sheet
- Economic Analysis
- Staff Recommendation
- Next Steps

# Background: Major Milestones

Sep. 2018

Passage of Assembly Bill 2923

Mar. 2020

City and BART Memorandum of Understanding (MOU)

Apr. 2021

Council reserved \$53M in City Affordable Housing \$

Jun. 2022

Residential -BART Mixed Use (R-BMU) Zoning

City and BART Joint Vision and Priorities for Ashby and N. Berkeley

City and BART Memorandum of Agreement (MOA)

Nov. 2022

Council approval of conceptual redesign of Adeline St. at Ashby BART

Jan. 2023 -  
Aug. 2024

City and BART negotiations

Sep. 2024

**City Council consideration of Ashby BART Term Sheet**

# Background: Community Engagement



- Community Advisory Group (CAG)
- Community meetings and "office hours"
- Stakeholder group meetings
  - Equitable Black Berkeley
  - Berkeley Flea Market Board and market vendors
  - AC Transit
  - Ed Roberts Campus and partner organizations
  - Other community organizations
- Planning Commission and Council Meetings



# Background: Process and Framework

City and BART negotiating teams led by Mayor Jesse Arreguin and BART Board Director Lateefah Simon developed the term sheet based on:

- City and BART adopted agreements & policies
- Input from Equitable Black Berkeley
- Economic analysis of respective property ownership interests and potential community benefits



# Background: Economic Analysis

The City and BART each retained real estate economists to:

- Estimate the value of their respective property interests based on architectural studies of potential development capacity
- Analyze potential community benefits while maintaining project economic feasibility



# TERM SHEET

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## Appendices:

- A. Ashby Project Aerial
- B. Schedule
- C. Infrastructure Map
- D. ODS Requirements
- E. Infrastructure Matrix
- F. City Standard Conditions of Approval Relied on  
in R-BMU Zoning EIR
- G. Capacity Study

- Purpose
- Key Elements

# Purpose: A Roadmap for Future Development

- Provides transparency and accountability for the City, BART, the community and potential developers regarding:
  - City and BART's property interests in the site
  - Project objectives and requirements
  - City, BART, and developer responsibilities
  - Developer selection process
- Establishes the basis for legal agreements between the City and BART which staff will bring back to Council for approval in November 2024



# Key Elements

- Real Estate Transaction Structure
- Affordable Housing and City Affordable Housing \$
- Berkeley Flea Market and New Plaza
- Community Benefits Fund for South Berkeley
- Connections to Adeline Street
- Traction Power Substation (TPSS)
- Public Infrastructure
- Developer Selection
- Objective Design Standards



# Real Estate Transaction Structure: Land-for-Air-Rights Swap

- City will swap its “air rights” to the West Lot to get sole ownership of the East Lot and specified community benefits
- BART will have sole ownership of the West Lot
- Simplifying ownership of the parcels lessens the uncertainty for future developers related to securing financing for projects and other factors



# Affordable Housing and City Funding

- At least 50% of the first 602 new housing units on the West Lot must be affordable to households with extremely low, very low, low and moderate incomes
- If the West Lot project exceeds 602 units, the total project must include a minimum of 35% affordable units
- The East Lot project must be at least 35% affordable
- City reserved \$26.5 million of its affordable housing funding: \$18.5 million for the West Lot and \$8 million for the East Lot.\*



\*Apr. 2021: City Council approved reservation \$53 million of City's Affordable Housing Funding for N. Berkeley and Ashby BART

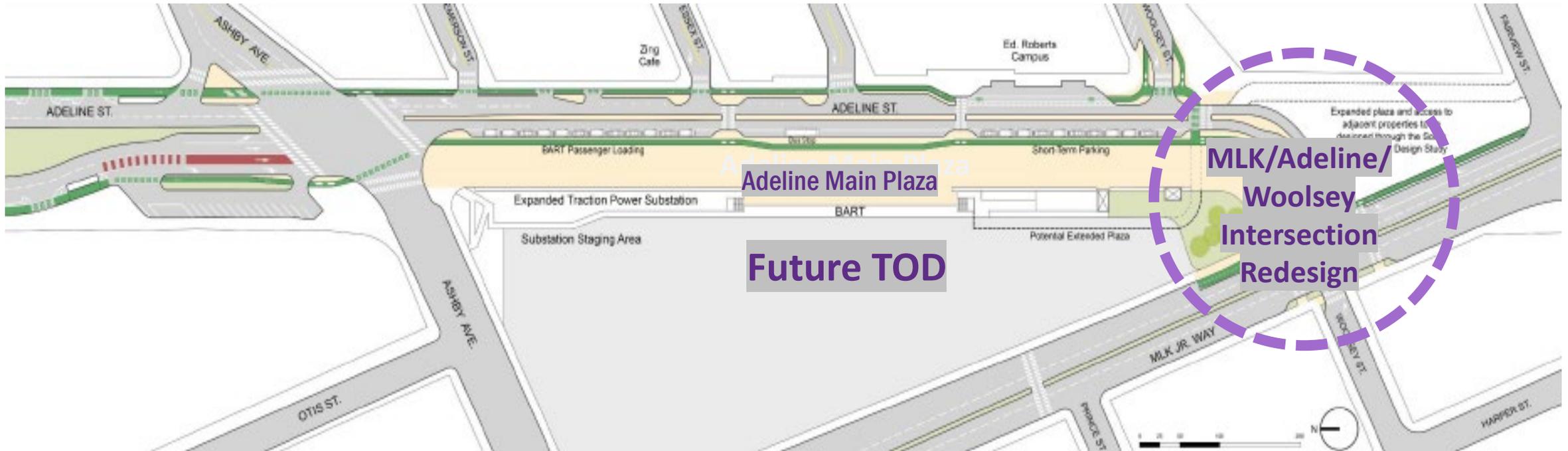
# Berkeley Flea Market and New Plaza

- A redesigned Adeline Street with a “road diet” and new plaza will be a permanent home for the Berkeley Flea Market and other public programming
- Future development will include at least 5,000 sf of Below-Market-Rate ground floor space for community/civic commercial uses (e.g., for Berkeley Flea Market)



# Berkeley Flea Market and New Plaza (continued)

- Road Diet: 4 lanes to 2 lanes
- Flea Market Relocation to Adeline Main Plaza
- MLK/Adeline/Woolsey Intersection Redesign

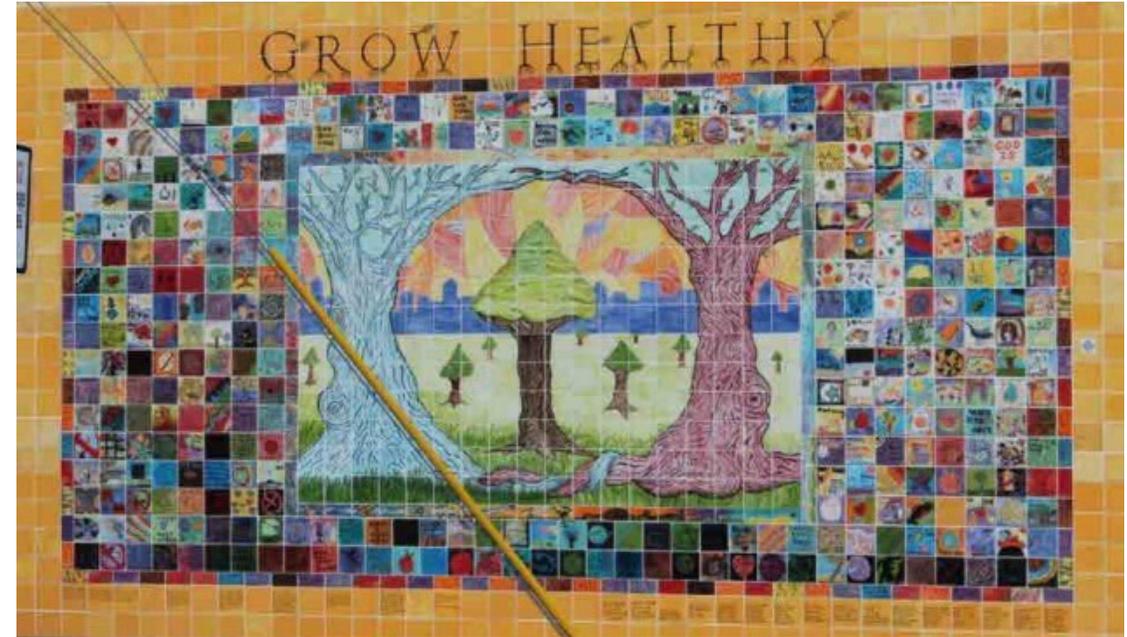


\*Concept approved by Berkeley City Council on November 29, 2022

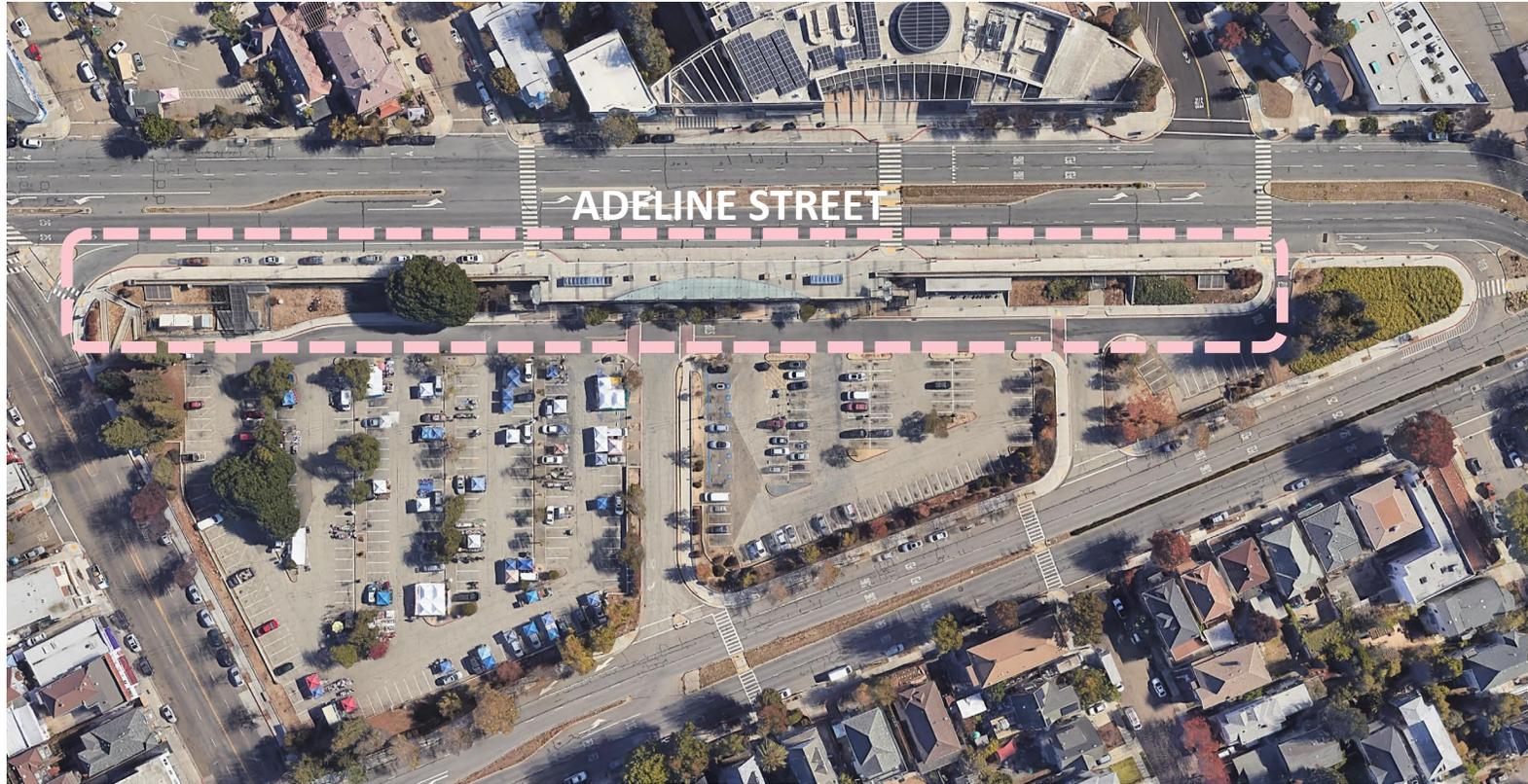
\*\*Part of City-led Adeline Corridor Transportation Improvements Project

# Community Benefits Fund

- The City will require that a portion of the revenues from the East Lot development shall be allocated to create a reparative community benefits fund for South Berkeley
- \$150,000/year with at least 3% annual cost of living increase



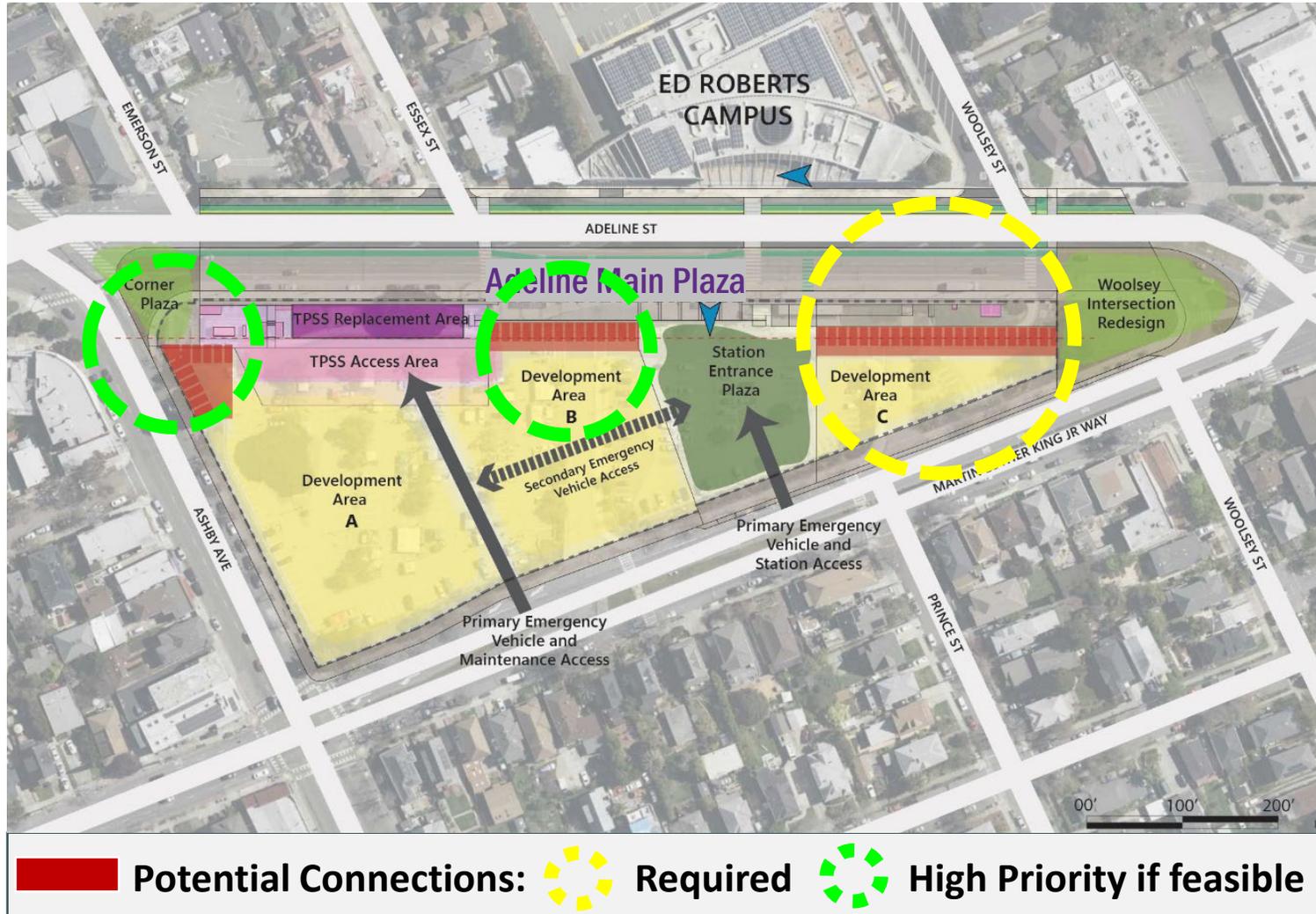
# Connections to Adeline Street



**Right: Examples of Downtown Berkeley BART Plaza Area**



# Connections to Adeline Street



Three possible areas to connect future development with Adeline Street (shown in red).

Constraints:

- Emergency Responder Access and Emergency Egress
- BART Rider and Maintenance Access
- Traction Power Substation (TPSS) Replacement + BART Engineering Infrastructure
- Site Topography

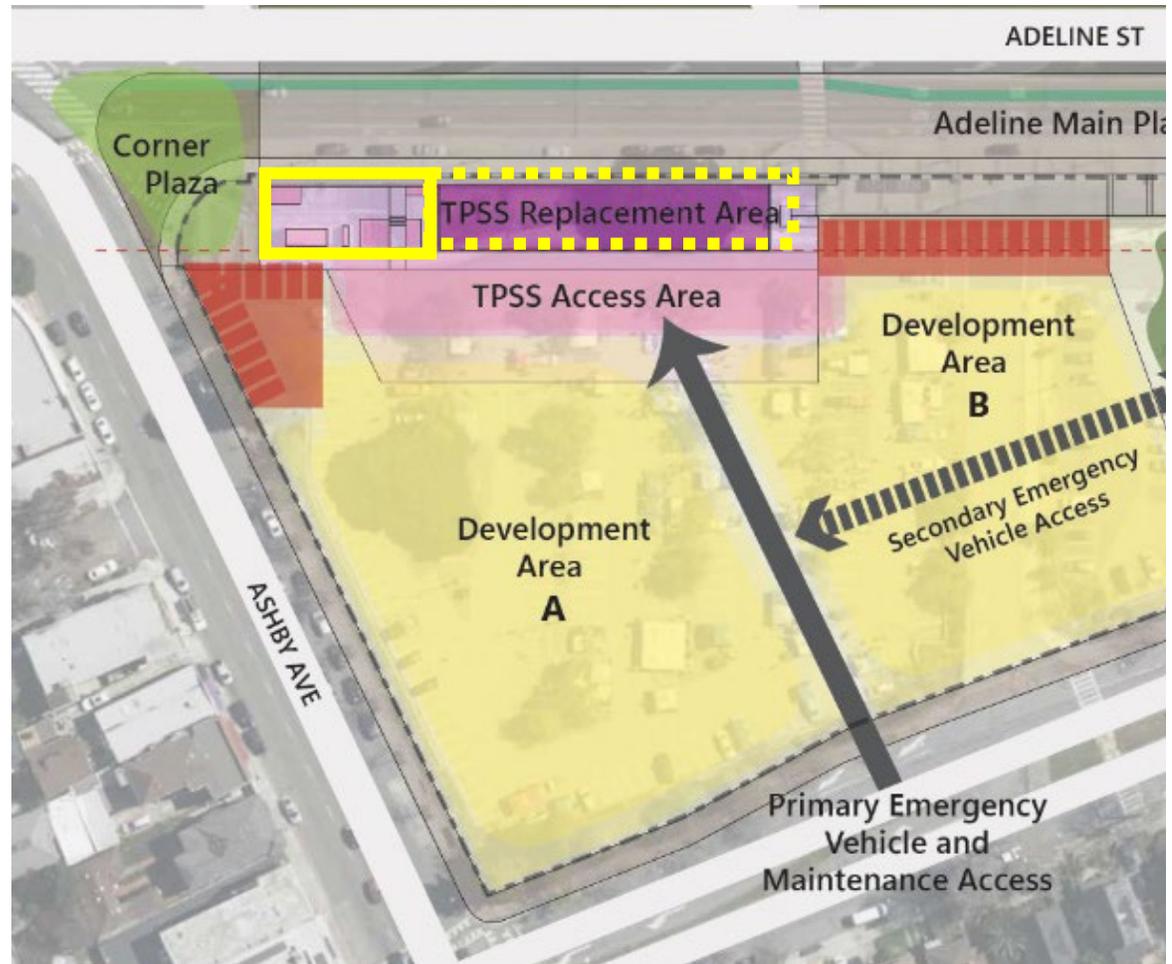
**\*Note:** Adeline Street redesign is part of City-led Adeline Corridor Transportation Improvements Project

# Traction Power Substation (TPSS)

 Existing TPSS to remain



 TPSS Replacement Area



# TPSS - Visual Screening



# Public Infrastructure

- 24 different types of public infrastructure
- Potential funding sources, priorities and responsibilities
- City will pursue formation of Enhanced Infrastructure Financing District (EIFD)
- Minimum Developer Contribution \$1 million towards South Plaza Extension



- See Term Sheet: Section II.C: Public Infrastructure, Appendix C: Infrastructure Map (above), Appendix E: Infrastructure Matrix

# Developer Selection



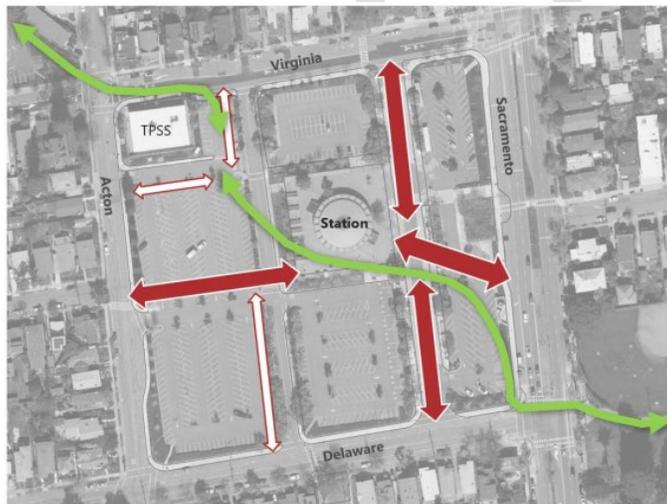
*North Berkeley Developer Candidate Forum  
Nov. 2022*

- Separate solicitation processes for West Lot (BART) and for East Lot (City)
- West Lot selection committee: 4 BART representatives, 2 City representatives and 1 representative from Equitable Black Berkeley
- Requirements include public presentations from short-listed respondents
- Selection criteria includes asking respondents to show how proposals address negative impacts to African American residents, businesses and cultural institutions displaced by the construction of the Ashby station
- BART will not be part of City's East Lot developer selection process

# Objective Design Standards (ODS)

- Preliminary draft ODS will be developed based on site constraints related to station operations, maintenance and emergency access and development and design requirements in the term sheet
- The ODS will be refined with input from the community, BART and the selected developer(s)
- Final ODS will be adopted by the City Council
- Compliance with ODS may be included in restrictive covenant and/or as a condition of City affordable housing subsidy

Figure 4. Public Circulation Network.



- ➔ Mid-block Connections (Location may vary)
- ➔ Secondary Internal Connection (May not be needed depending on location of Mid-Block Connection, Location may vary)
- ➔ Ohlone Greenway Connection (Location may vary)

Figure 5. Typical Sidewalk Design (Delaware, Acton, Virginia)

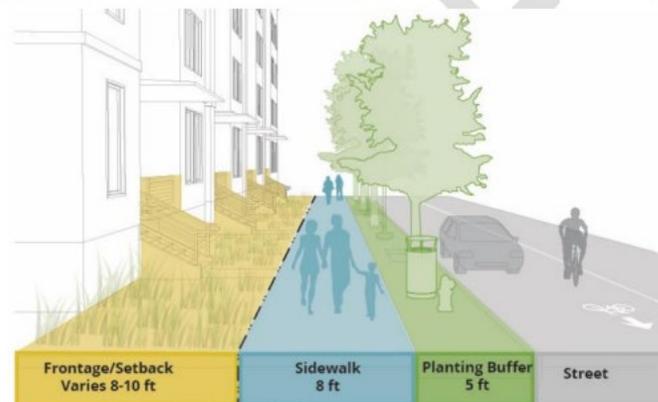
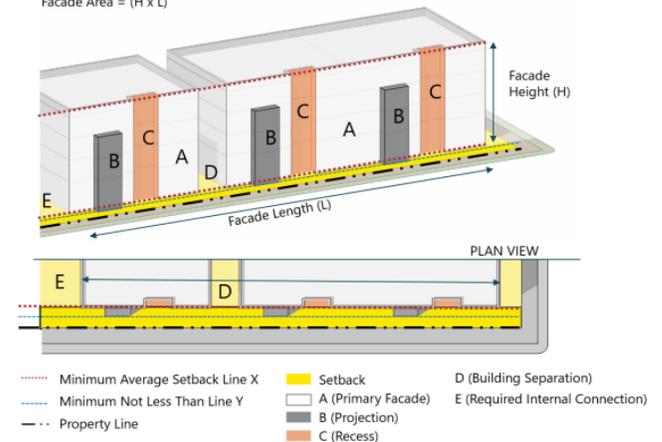


Figure 6. Average Setback Calculations

How to calculate minimum average setback compliance:  
 Average X feet, with a minimum not less than Y feet  
 Average Setback Calculation:  $[A + B + C + D] > X$  feet  
 $A = (\% \text{ Facade Area} \times \text{Depth from PL})$   
 Facade Area =  $(H \times L)$



# Objective Design Standards (ODS)

## ODS for the West Lot:

- Must allow at least 600,000 gross residential sf within buildings no taller than 8 stories and
- Must also allow for at least 750,000 gross residential square footage within buildings that may be taller than 85 feet but within the maximum height allowed by the ODS

## ODS for the East Lot:

- Must allow at least 300 bedrooms



# ECONOMIC ANALYSIS

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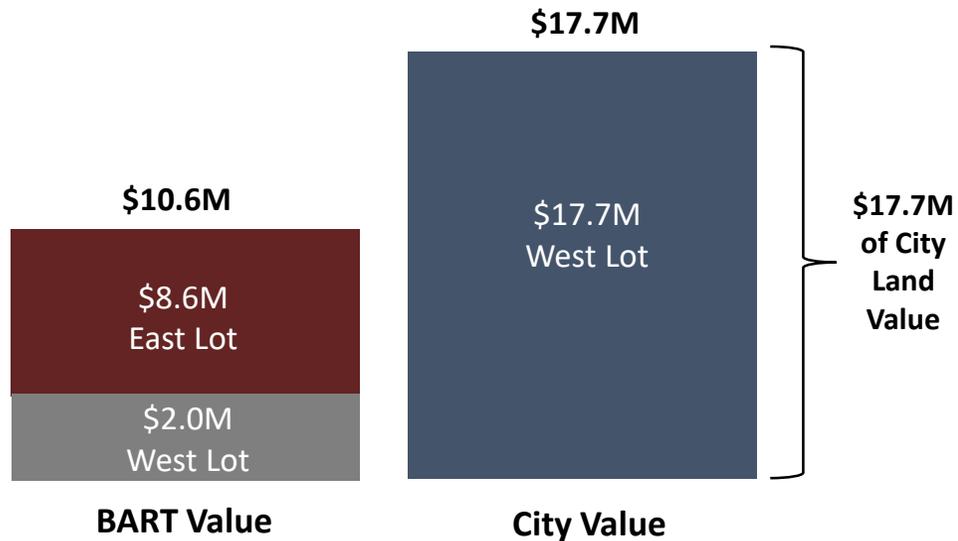
# Economic Analysis Background

- City and BART have worked diligently to resolve air rights issues in context of development control, maximizing community benefits, and value creation.
- The West Lot is more complex to develop due to the BART zone of influence, infrastructure complexity/availability of funds, the Adeline reconfiguration, BART station access, and Traction Power Station (TPSS).
- Infrastructure costs are anticipated to be significantly higher on the West Lot than East Lot.
- There are no known recent development projects bifurcated by separate land and air rights ownership by public agencies.
- City option to acquire air rights can be leveraged to provide land value and incremental community benefits beyond City's allocable land value for the West Lot.
- Proposed exchange would enable the City and BART to proceed with separate solicitations, negotiations, development, and long-term leasing agreements, to the benefit of BART and the City.

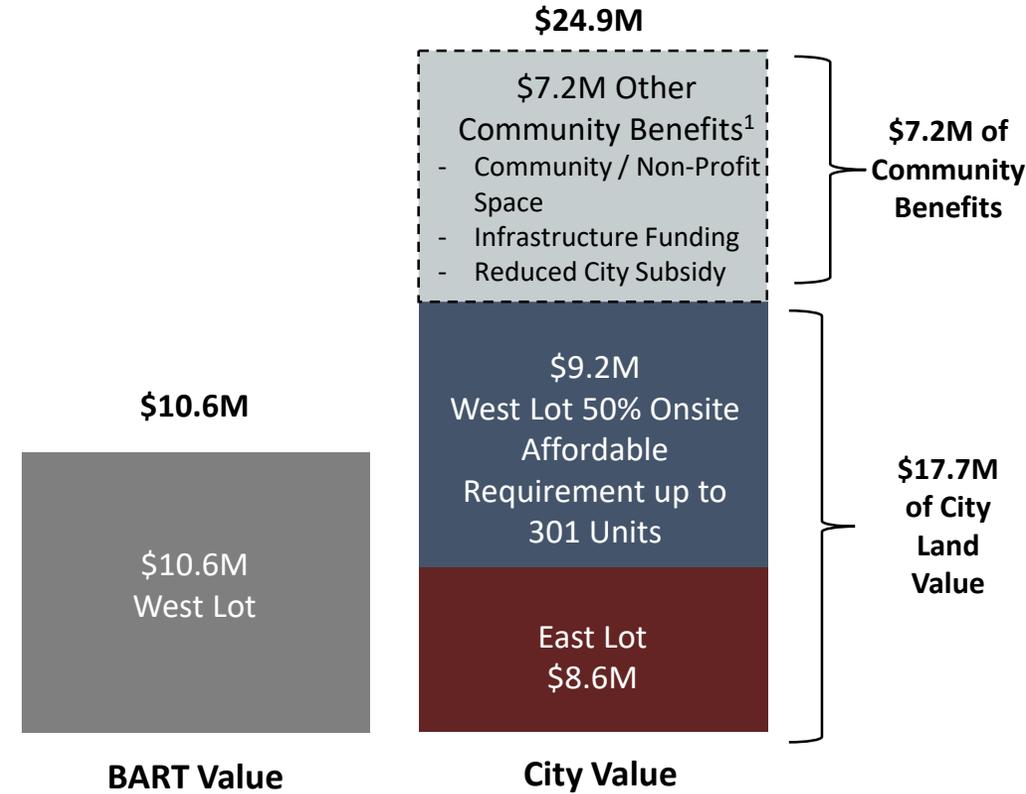


# Exchange Value

## Value Before Exchange



## Value After Exchange



(1) Reflects incremental benefit to the City above the \$9.2 million owed after accounting for East Lot land value. If City were to fully subsidize all public benefits negotiated in the exchange, the cost of these benefits would total \$16.3 million as follows:

- City average subsidy of \$150,000 per unit for 90 additional affordable units would require a \$13.5 million subsidy.
- 5,000 square feet of community space at a 50% discount to current market rental rates would require a \$1.8 million City subsidy.
- Developer will contribute \$1 million toward non-BART related infrastructure costs at the West Lot. Without this funding, City would likely need to provide an equivalent subsidy.

# Benefits of Exchange

- **Streamlined Solicitation and Negotiation**: Each party has ability to own land and control decision making, make decisions, and benefit from future revenue/community benefits.
- **Actionable Financial Execution**: City option to purchase air rights is not financeable on the West Lot and resolution of this matter produces a clear and actionable path forward.
- **Sensible Development**: Development teams can control entire lots, not vertically or horizontally separated, along with the horizontal finance plan.
- **Community Benefits**: Transaction leverages City's air rights to establish new, higher baseline requirement for affordable housing and discounted community/civic space.
- **Financial Return**: Yields greater value to City than current property rights & reduced City subsidy per affordable unit.
- **Infrastructure Financing**: Increased affordable housing at TOD should enhance competitiveness for Affordable Housing & Sustainable Communities ("AHSC") & Infill Infrastructure Grant Program ("IIG"), etc.

# STAFF RECOMMENDATION

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Adopt a **Resolution** authorizing the City Manager and City Attorney to draft and advance for adoption contractual agreements with BART in order to effectuate transit-oriented development (at Ashby BART) in accordance with the recommended **term sheet**

# Recommendation Rationale

- Streamlined Solicitation and Land Control
- Actionable Financial Execution
- Community Benefits
- Enhanced Affordable Housing and Infrastructure Financing Potential



# NEXT STEPS

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# Next Steps

- Nov. 2024: City Council will consider legal agreements based on the term sheet
- Oct./Nov. 2024: Preliminary ODS Community Engagement
- Dec. 2024: West Lot Request for Proposals (BART) and Notice for Funding Availability (City)



Chronicle / John

# DISCUSSION

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