

EMERYVILLE, CALIFORNIA

Someone passing through Emeryville in 1977 and again in 2007 would hardly recognize the city. Emeryville has undergone a significant transformation over the past 30 years. During the late 1970s and early 1980s, Emeryville was dotted with abandoned former industrial sites, virtually all of which were contaminated. Today, Emeryville is dotted with shopping centers, residential communities, and commercial headquarters.

- ✓ Infill development
- ✓ Redevelopment of brownfields
- ✓ Changes in zoning to encourage affordable housing
- ✓ Mixed-use development
- ✓ Inclusionary zoning
- ✓ State mandates and guidance for local planning

At the same time that Emeryville has undergone revitalization, the city has maintained a focus on affordable housing, using a variety of strategies to produce hundreds of affordable units each year. These strategies range from brownfields and infill development to high-density zoning and inclusionary zoning.

Brownfields redevelopment and infill development

With 20 percent of Emeryville's non-residential property vacant and 40 percent underutilized in the 1970s, the city realized that the revitalization necessary to restore the city to fiscal health would require clean up and redevelopment of these areas. As a result, infill and brownfields redevelopment became the city's first major tools. "The city was literally dying," said Amy Hiestand of the Emeryville Redevelopment Agency. "Manufacturing was leaving."

The city established two redevelopment project areas that covered 99 percent of the area of the city. Using federal, state, and local sources of grant funding for redevelopment, the city partnered with the private sector by helping finance brownfields clean-up. Hiestand notes that the city recognized the importance that partnerships with the development community would play, including providing financial assistance for clean-up. "[These partnerships] really had to happen for any development to work," she said.

High-density zoning one of city's most effective strategies

Given that Emeryville is essentially built out, the city's next strategy was to allow high-density development and encourage mixed-use development. The city's zoning laws allow housing in all of the city's zoning districts except the shoreline and open recreational space zones. Even in the heavy industrial zones, live/work units are allowed.

Perhaps more importantly, Emeryville's zoning laws permit high unit density allowances by right. Emeryville contains no low-density zones; medium density zones allow 20 units per acre by right, and 45 with a conditional use permit, while its high density zones allow 45 units per acre by right, and 108 with a conditional use permit.

"We encourage a higher density. We recognize we have limited land capacity."

-Amy Heistand

"We encourage a higher density," said Heistand.

"We recognize we have limited land capacity.

The city has tried to take a proactive role in encouraging attractive high density [residential development]."

As one strategy the city has used to promote attractive high-density development, the Redevelopment Agency has commissioned design studies and design guidelines that allow for maximum density usage.

"We use this as a tool for developers to show them what has been the density of projects in the city," said Heistand.

The city also maintains a master list of all proposed, current, and completed projects throughout the city to allow for streamlined and efficient land use planning processes. In working directly with developers who focus specifically on corridor development, Emeryville has been able to maximize efficient land use in crucial areas such as the San Pablo Avenue corridor.

Finally, the city has strongly encouraged mixed-use development that contains a ground floor retail component. Hiestand indicates that this has proved challenging at times, however, because the city does not yet have the population to support these businesses, so many of the already developed ground floor spaces remain for

lease. To help solve this problem, the city is considering converting some of the designated retail spaces into office space.

Emeryville seeks solutions to refine inclusionary zoning ordinance

The city of Emeryville has also spent much of the last 20 years developing a workable inclusionary zoning policy. The City passed an inclusionary zoning law in 1990 requiring projects with 30 or more units to include 20 percent moderate income units (affordable to households with incomes up to 120 percent of the area median income). As partial cost-offsets, the city offers a 25 percent density bonus and, with approval, permits the square footage of affordable units to vary from the market-rate units.

With a slow housing market during the 1990s, however, it was not until 2000 that a development project was subject to the inclusionary zoning ordinance. By this time, Emeryville’s residential market was heating up, and the city began to see growth in private development, including many large parcel projects with mixed residential, retail, and commercial uses, almost all of which have produced affordable units under the inclusionary zoning law.

The first of these projects was the Emeryville Warehouse Lofts, completed in 2000, which converted an old warehouse building into 140 lofts, including 11 live/work units and 129 residential units, 26 of which were purchased by moderate- and low-income households. The development also contains a renovated parking structure, 7,000 square feet of retail space, and a 4,500 square foot landscaped courtyard.⁵²



Emeryville Warehouse Lofts

Although dozens of moderate-income units have been produced since 2000 under the inclusionary zoning ordinance, property owners have struggled to find tenants to fill them. Part of the problem, Hiestand says, stems from the fact that in Emeryville, rental units affordable to moderate-income households rent for roughly the same amount as the market rate units, an average of about \$1,800/month for a one-bedroom apartment.

In response, the Emeryville City Council is revising the inclusionary zoning law. The requirement that 20 percent of units be affordable to moderate-income households will be reduced to 9 percent, and 6 percent of units must be affordable to low- and very low-income households, for a total of 15 percent affordable units.

The city is soliciting input from the development community through a series of focus group meetings on how to revise the law. The city intends the new inclusionary zoning ordinance to be cost neutral for developers compared with the current 20 percent requirement. The city also hopes the units produced will better match the affordability needs of the community. Understanding Emeryville residents' housing needs is something that Hiestand indicates is a key lesson the city has learned through this process.

City provides direct financial assistance to developers and homebuyers

Under state law, 20 percent of the Redevelopment Agency's tax increment financing revenues are dedicated to a Low and Moderate Income Housing Fund (LMIHF), which provides direct assistance to developers and homebuyers. Last year, 40 homebuyers received a total of \$2.26 million in loans, of which \$1.1 million was from the LMIHF.

The city also provides low interest loans and land write-downs to developers; however, the assistance subjects developers to the state's prevailing wage laws, so many developers are not interested in the city's funding.

Emeryville plans for long-term housing needs

Emeryville's affordable housing production emphasis stems, in part, from local and state pressures. The regional government, the Association of Bay Area Governments (ABAG), of which Emeryville is a member, allocates the number of units each city

within the nine Bay Area counties is expected to produce over the next 10 years. California's Housing Element Law requires that the city prepare a Ten-Year Housing Compliance Plan to be updated every five years. This document must include plans for meeting the ABAG target.⁵³

Emeryville's target for housing production between 2006 and 2014 is 1,137 units. The city has calculated that 49 percent of that number must be affordable to moderate, low, or very low-income households to meet state affordability targets.

Emeryville takes these targets seriously. "We're ahead of the game on our Housing Element," said Heistand. "It's due in 2009, and we started [working on it] in 2009."

The last time Emeryville completed a similar housing plan, between 1999 and 2006, it surpassed the total number of targeted units, but struggled to meet the affordable allocation. Heistand says that the city is well on its way to meet the current plan's total unit production goals, but once again will struggle to achieve its affordable target.

Bay Street project highlights Emeryville's development progress

The first phase of the Bay Street project is one of Emeryville's largest and most successful redevelopment efforts to date. Bay Street includes retail stores, restaurants, a 16-screen multiplex movie theater, parking facilities for up to 1900 vehicles, a 250-room hotel,⁵⁴ and 322 residential units, of which 57 are affordable to very low and low income households. Bay Street also frequently hosts community events. An extension of the original project, which would add another 293 units as part of another mixed-use development is currently under review.



Bay Street Residential

The 21-acre brownfield, originally known as South Bayfront, formerly housed industrial warehouses dating to the early 1920s. After nearly a decade of planning, the Emeryville Redevelopment Agency invested \$27 million from tax increment financing and tax allocation bond revenue to clean up, remediate, and assemble the nine separate but connected properties that made up the site.⁵⁵

Once the site was ready for development, the Agency sold the property to the developers—Madison Marquette which developed the retail portion, and MacFarlane Partners, which did the residential portion—while it simultaneously sought repayment for the contamination from the responsible parties. The Agency financed the retail portion of the project; the retail developer is repaying the Agency over a 25-year period for their portion of the acquisition.

Due to the difficulty in financing mixed-use projects in Emeryville, Madison Marquette acquired pre-leases from 60 percent of the eventual tenants.⁵⁶ On the residential side, MacFarlane Partners sold many of the site’s condominiums prior to the project’s completion.

The residential portion of the development is divided into two sections; the first contains 95 market rate condominiums that sit above the ground floor retail stores, and the second is a 284 unit rental complex on the opposite side of the property, which includes



Bay Street Retail

20 percent (or 57) very low income units. As expected, the affordable units were very popular from the outset, attracting 400 applications for the 57 available units.

Hiestand considers the Bay Street development to have been a success for all parties involved, generating millions of dollars in annual sales tax and property tax

revenues for the city, increasing the number of jobs in the area from 150 to between 1,650 and 1,800, depending on the time of year, securing much-needed affordable housing, and helping Emeryville continue its transformation.⁵⁷

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