

## LARA WEISIGER

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**From:** Sean Murphy <sean@baywestdevelopment.com>  
**Sent:** Tuesday, April 19, 2016 7:20 AM  
**To:** Trish Spencer; Frank Matarrese; Jim Oddie; Tony Daysog; Marilyn Ezzy Ashcraft; Liz Warmerdam; LARA WEISIGER  
**Cc:** Becca Perata-Rosati (becca@voxpathulipr.net); Bill Poland  
**Subject:** RE: Council Referral 2016-2539 - Consider Directing the City Manager to Revise the Mixed-Use Zoning Designation and Related Policies to Aid Retention of Beneficial Commercial Uses Citywide  
**Attachments:** Ltr to City Council 04192016.pdf

Mayor Spencer and Councilmembers-

Please see the attached letter regarding Alameda Marina. We look forward to working with each of you on this important project.

Regards,

Sean Murphy

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# BAYWEST

DEVELOPMENT

April 19, 2016

**RE: Council File 2016-2766 – Provide Direction to Staff Regarding General Plan Policies, Municipal Code Requirements and Potential Amendments to the General Plan and Municipal Code to address Development Sites with Mixed Use (MX) Zoning. (Community Development 481005)**

Mayor Spencer and Members of the City Council:

On behalf of Pacific Shops, Inc., the owner of Alameda Marina, I am writing to comment on the Staff Report related to the referenced agenda item that is scheduled to be heard at the Alameda City Council meeting on April 19, 2016. As part of this item, Staff has prepared Recommended Guidelines for preparing a Master Plan for Alameda Marina, which is partially zoned with an MX Zoning and MF Multifamily Overlay. However, as the Staff Report itself indicates, the Alameda Municipal Code (AMC) already provides a legal framework whereby the City Council will consider the appropriate development standards, procedures and guidelines as an integral part of any Master Plan application we submit—rather than decoupled from a proposed project as is being considered by this agenda item. We are actively working with Planning Staff and the community to prepare a Master Plan application that is consistent with the City’s long-standing planning efforts reflected in the AMC and the City’s General Plan and, therefore, respectfully request that you defer consideration of the Recommended Guidelines until we have submitted our application.

As you are aware, over the past decade, the City conducted numerous hearings in an effort to identify existing housing stock in the City, projected housing needs, and appropriate sites to meet the City’s housing needs while acknowledging the City’s commitments to multifamily housing for various economic levels in order to comply with State housing law. As a result of those extensive efforts, the City adopted the 2007-2014 Housing Element as part of its General Plan, and the Housing Element identified the number of units that the City allocated for each site with MX Zoning. Specifically, the Housing Element Background Report allocates 396 units to Alameda Marina, which when combined with the 234 units allocated to Encinal Terminals, totals 630 units in this waterfront area. This allocation is an integral portion of the City’s 2015-2023 Regional Housing Needs Allocation (RHNA) obligation to provide at least 692 units on land that is zoned to accommodate higher density, multifamily housing under State law. In fact, in 2012, the City applied a MF Multifamily Combining District designation to the Alameda

Marina and other sites to comply with this minimum State required housing allocation. Also, in the 2013 Plan Bay Area, the City put forward two priority development areas, one of which includes Alameda Marina as part of the Northern Waterfront, demonstrating the City's commitment to meeting its RHNA obligations.

Importantly, as the Staff Report indicates, “[w]hen considering the number of residential units to be permitted on each MX site, the Planning Board and the City Council need to consider the City's approved Housing Element, which identifies the number of units that the City allocated for each site to accommodate a portion of the City's 2015-2023 RHNA. If the Planning Board or City Council wish to approve less than the number of units allocated to a site, the Board and Council will need to make written findings that other sites in Alameda will be able to make up the difference so that there will be ‘no net loss’ in capacity needed to meet the City of Alameda's regional housing obligations.” Critically, while there may be some flexibility on how much of the RHNA made to Alameda Marina can be shifted to other sites in the City, a wholesale reallocation of housing units from Alameda Marina essentially would require a renewed analysis of years of the City's planning efforts, especially given the integral role our site plays in meeting the City's minimum housing obligations under State law. Moreover, as Staff has correctly observed in the Staff Report, “the City of Alameda is experiencing a housing supply crisis” that will require the City to exceed the minimum housing needs that have been established in the City's RHNA to effectively address this crisis—not reduce the minimum RHNA as is being proposed by the Recommended Guidelines.

Cognizant of the City's extensive planning efforts and housing commitments, and the various needs of the community for Alameda Marina, we have continuously engaged in conversations with City, Planning Staff, tenants of Alameda Marina, and various community participants in our effort to develop a mixed-use commercial and residential Master Plan that is consistent with the City's RHNA obligations while retaining the working waterfront. In my letter dated February 22, 2016, I addressed how we will work with current tenants to incorporate maritime uses in the Master Plan for Alameda Marina. While current uses include 99,000 square feet of maritime uses (half of which is occupied by Svendsen's Boat Works and another third which is utilized by DOER), our Master Plan will utilize the space more efficiently by dedicating approximately 75,000 square-feet to maritime businesses, maintaining a marina accommodating owners of modest size boats, and retaining a boat hoist for Alameda Marina tenants and some dry boat storage uses.

In addition, I want to emphasize the essential role that the development of an adequate level of housing on our site will play towards realizing the City's maritime and open space goals at Alameda Marina. As is well known, the Alameda Marina requires substantial infrastructure improvements that can only be offset by financially viable development, such as housing. To that end, Pacific Shops entered into the updated Tidelands and Marina Lease Agreement in 2012, which calls for the ongoing reinvestment of capital to repair and restore the Alameda Marina. In fact, we pledged to make an initial \$10 million investment by the end of 2019, with the understanding that the City's goals for the property is for its highest and best use as “a mixed use commercial and/or residential and/or industrial project.” The only

mechanism for addressing these high infrastructure costs is through raising sufficient funds by redeveloping the entire property as a mixed-use commercial and residential development according to the permitted residential density set forth in both the MX and MF Zoning.

We are concerned that the Staff Report and Recommended Guidelines do not acknowledge our current planning efforts to holistically address the City's needs to develop a compatible mixture of land uses at Alameda Marina. The Staff Report refers repeatedly to "community expectations and objectives," but it does not define whom the members of the community are, nor does it clarify what the "community's primary objectives" are for Alameda Marina. As we have learned throughout the planning for Alameda Marina, "the community" has diverse needs, including a major need for housing. While the Staff Report initially emphasizes the number of housing units needed due to the City's current housing supply crisis caused by rising housing costs and rent stabilization, development of that much-needed housing seems to be an afterthought in the Recommended Guidelines. In fact, the Draft Development Standards lack crucial information for the proposed three "distinct districts" (i.e., acreage, development density, lot size, etc.) and emphasizes Maritime Businesses and Dry Boat Storage in all three mixed-use subareas, while focusing on housing in only one. By stating that the "primary purpose and goal of the Master Plan for Alameda Marina is to establish standards and requirements for mixed use development of the property that prioritizes and recognizes the significant maritime uses existing on site," the Recommended Guidelines appear to ignore the City's recognized housing crisis, and the City's long planning and zoning history to incorporate more housing at the Alameda Marina site.

We plan to submit a Master Plan application to the City within the next two months by following the existing conditions contained in AMC Section 30-4.20(f), of which "the City Council may approve as part of the Master Plan, a document containing detailed Development Standards, Procedures and Guidelines." As noted above, this Master Plan application will comply with the existing legal framework the City has already established to address the issues being considered in the Staff Report. The Master Plan application will also include a market study that will support the need for and financial feasibility of our proposed Master Plan uses. This market study will reveal that any significant shift away from the already permitted residential densities at our site, as is being considered in the Recommended Guidelines, will make not only the redevelopment of the Alameda Marina economically infeasible, but more importantly, the substantial investment of infrastructure the City desires from us impossible.

As I have said many times, we are dedicated to improving Alameda Marina by constructing a new higher-value mixed-use commercial and residential development that not only fulfills our obligations under the Tidelands Lease but also the City's State housing obligations. It is essential that we balance the interests of commercial businesses, maritime uses, and residential homes, in order to raise sufficient funds to construct the infrastructure improvements that the City desperately needs. These infrastructure improvements will include upgrades to the shoreline, marina, and City infrastructure along Clement Avenue, as well as transportation infrastructure (new bike paths and signalization), new utilities and other public amenities to serve all Alamedans. We will continue to work with Planning Staff

to ensure that the Master Plan for Alameda Marina considers the needs of current neighbors and users of Alameda Marina as well as the greater Alameda population.

We believe the City Council will be pleased with our efforts that will be reflected in our Master Plan application. This Master Plan application will comply with the already existing legal framework that establishes a process for considering the appropriate development guidelines for the Alameda Marina. In fact, as the current City process requires the appropriate development guidelines to be developed in conjunction with a proposed project, we believe the City's review and consideration of our proposed Alameda Marina Master Plan will result in a "win-win" situation for all involved parties. As such, we respectfully request that you defer consideration of the Recommended Guidelines proposed by this agenda item until we have submitted our application in compliance with the already established legal framework.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Poland", written in a cursive style.

Bill Poland  
Chairman and shareholder of Pacific Shops, Inc.