



12-10-19

Dear Andrew,

Per our conversation, this letter provides information about why we are requesting an amendment to our use permit.

Background

Over 4 years ago, Alameda Point Redevelopers created a vision to successfully repurpose building 8, a 3 story, 270,000 square foot concrete naval warehouse and logistics headquarters, at Alameda Point. The vision was to create a mixed-use building that provided multiple Commercial food production spaces on the ground floor as well as provide work-live space on floors 2, 3 and in the future, floor 4.

Food production space is one of the industry sectors that is established and growing at Alameda Point. Commercial food production space is a product type that APR has developed very successfully in our recent projects over the last 8 years and now has over 80 kitchens in 5 facilities in northern and southern California as well as Arizona.

Alameda's Work-live product has been an established product type in Alameda for nearly 20 years but remarkably has only been executed once. APR's Principal and investor, Ken Schmier was an early developer of Live-work space in Emeryville and has executed many such successful projects in his career.

Since successfully acquiring the lease and purchase option from City council in may of 2016 APR principals Jonah Hendrickson, and Adan Martinez have been devoted full time to the execution of the business plan. In that time, APR has successfully "reestablished the shell" of the building. By that, we mean we have completely emptied the building of all prior improvements, FFE, MEP, trash, abated lead, asbestos, mold, as well as sandblasted the interior back to its original beautiful formwork. APR has refurbished a 14,000 lb. freight elevator, installed new roofing and down spouts, installed over 5000 pieces of glass into the building's historic steel sash windows, as well as painted the building's exterior.

While working on the building, APR has also entitled our unique project, designed every aspect of the project resulting in building permits, achieved approvals for federal tax credits, negotiated a GMP construction contract with a highly respected contractor, and procured a construction loan. APR is currently in preleasing negotiations for a significant block of space to multiple food users on the ground floor.

APR has also managed and financed significant public infrastructure improvements, providing over 2,000 feet of new electrical, data, and gas infrastructure consistent with the Alameda's Master Infrastructure Plan at Alameda Point. Jonah Hendrickson has served as a Project Area Committee member supporting Alameda's TMA, the steering committee that creates and implements strategies to reduce traffic

throughout Alameda. Finally, last but not least, APR is the major sponsor and host to Alameda's successful maker fair. To date APR has invested over 20 million dollars of its capital and has taken no debt.

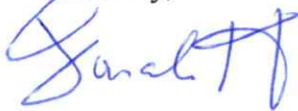
While the previous summary sounds like terrific progress, and it is, there is one metric that has been a stumbling block for APR. In the last 4 plus years, APR has not been able to successfully add investment to the project despite soliciting and courting dozens of candidates. The feedback that we get universally from the marketplace is that the product type, specifically the commercial food production space is considered to be widely unproven, nonstandard with significant barriers to quality financing. While we currently have a construction loan commitment, we were previously rejected by over 25 other lending institutions. It is consistent that when banks are shy to lend so are investors shy to invest. The Project's current financing is highly bolstered by the nearly two thirds of the revenue that is projected to come as a result of the work-live product type, a product that is well understood, accepted and in dire demand in the marketplace today.

APR is 100% committed to creating a successful adaptive reuse project at building 8, but to do so, APR needs to bring in investment from the marketplace. What this means is that APR has to be flexible and consider redesigning our program to meet market expectations.

To do this APR is asking to simply amend use permit PLN 16-0468 to strike language that restricts the number of work-live units to 88, replacing 88 with 251 and modify language that defines the minimum size of work-live units as to be consistent with the recent City of Alameda Ordinance _____.

Doing so will allow us the flexibility to adjust our plan to closer align ourselves with marketplace demands and expectations and this will allow us to attract competitive and quality investment and debt options. Ultimately, with added investment and competitive debt we are highly confident that we can quickly move our project into the construction phase, and then soon after bring Building 8 back in to reuse.

Sincerely,



Jonah Hendrickson
Alameda Point Redevelopers

PROPOSED CHANGES TO PERMIT

an integral part of each studio and not separated from the work space. The project conditions of approval will require the applicant to enter into a separate sales contract or lease agreement for each individual Work/Live occupant that requires compliance with this and all other provisions of the City's Work/Live Ordinance.

- D. The changes proposed to the exterior appearance of the building will be compatible with adjacent commercial or industrial uses where all adjacent land is zoned for commercial or industrial uses. If there is adjacent residentially-zoned land, then the proposed changes to the building shall make the commercial or industrial building being converted more compatible with the adjacent residential area. The proposed changes to the exterior of the building are all designed to be sensitive to the historic architectural and historic use character of the area.

BE IT FURTHER RESOLVED that the Planning Board finds that the Alameda Point Project, including the restoration of Building 8, was adequately considered by FEIR, and that by Resolution No. 14891 the City Council of the City of Alameda certified the Final Alameda Point Environmental Impact Report (FEIR) (State Clearinghouse No. 201312043) under the California Environmental Quality Act ("CEQA"), California Public Resources Code Section 21000 *et seq.* and adopted written findings and a Mitigation Monitoring and Reporting Program ("MMRP") on February 4, 2014, for the Alameda Point Project, including Building 8; and based on substantial evidence, that no further review under CEQA is required.

BE IT FURTHER RESOLVED, that pursuant to the streamlining provisions of Public Resources Code Section 21083.3 and CEQA Guidelines Section 15183, no further environmental review of the design review application is required;

BE IT FURTHER RESOLVED that the Planning Board of the City of Alameda hereby approves Development Plan, Design Review and Use Permit PLN 16-0468, subject to the following conditions:

1. Building and Site Improvement Permit Plans: The plans submitted for Building and Site Improvement Permits shall be in substantial compliance with the plans prepared by Mikiten Architects dated September 27, 2016, on file in the office of the City of Alameda Community Development Department.
2. Uses Permitted. All use of the building, spaces within the building, and site shall be consistent with the uses permitted within the Alameda Point Adaptive Reuse Zoning District, the use limitations of the following conditions of approval. Consistent with the Lease Agreement between the City of Alameda and the Alameda Point Partners for the use of the property, no more than 5% of the total area of the premises may be use for retail uses. Ancillary retail uses shall not be counted against the 5% cap.
3. Work Live Standards: The plans submitted for Building Permit shall comply with the following Work/Live Ordinance standards:

(251)

- a. *Maximum Number of Units*. A maximum of ~~75~~ work live units may be permitted in the

building on the 151,153 square feet of land area provided by the existing parcel. ~~Upon acquisition of the additional 26,169 square foot parcel shown on Page T-101, the number of units may be increased to 88 work live units.~~

- b. *Minimum Floor Area.* Each work/live studio shall include at least ~~one thousand (1,000)~~ ^{FIVE HUNDRED (500)} square feet of gross floor area. Work/live studios shall be designed to accommodate commercial or industrial uses as evidenced by the provision of ventilation, interior storage, flooring, and other physical improvements of the type commonly found in exclusively commercial or industrial facilities. Not more than thirty (30%) percent or four hundred (400) square feet, whichever is ~~greater~~ ^{LESSER}, of the work/live studio shall be reserved for living space as defined in Section 30-15.3. Areas within a work/live studio that are designated as living space shall be an integral part of the work/live studio and not separated from the work space, except that mezzanines and lofts may be used as living space subject to compliance with other provisions of this Article. The rest of the gross floor area of each work/live studio shall be reserved and regularly used for working space.
- c. *Separation Required.* Each work/live studio shall be separated from other work/live studios or other uses in the building. Access to each work/live studio shall be provided from common access areas, common halls or corridors, or directly from the exterior of the building.
- d. *Change of Use* No work/live studio shall be changed to exclusively residential use in any building where residential use, nor shall any work/live studio be changed to increase the floor area devoted to residential use to more than four hundred (400) square feet or thirty (30%) percent of the gross floor area of the unit whichever is more. No portion of a work/live studio may be separately rented or sold as a commercial space for a person or persons not living in the premises or as a residential space for a person or persons not working in the same studio.
4. *Business License and Work Live Permit Required.* At least one (1) occupant of each work/live studio shall maintain a current City of Alameda business license for a business located in that studio. Prior to application for a Business License, each tenant or owner of an individual work/live studio must obtain a work/live permit prior to occupancy from the Planning Director based on a determination that the proposed occupancy is consistent with the approved use permit and all applicable requirements of this section. The work activity in each unit shall be consistent with the uses permitted by right or use permit in the zoning district, except that, in order to protect the health and safety of persons who reside in a work/live studio, no work activity shall be permitted nor shall any work/live studio be established that contains those uses which the Planning Director when considering a work/live permit or the Planning Board when considering a use permit, finds would, by virtue of size, intensity, number of employees or the nature of the operation, have the potential to create significant impacts by reason of dust, glare, heat, noise, noxious gases, odor, smoke, traffic, vibration or other impacts, or would be hazardous by way of materials, process, product or wastes including, but not limited to: auto service/repair, vehicle sales or leasing, car washes, service stations, bars/lounges/night clubs, adult businesses, marine engine repair/refueling facilities, animal kennels/grooming/pet shops, liquor stores, veterinary offices/hospitals, funeral parlors/mortuaries, outdoor storage as a primary use, crematories/columbaria, dismantling facilities/scrap yards, public utility structures and facilities, tire sales/service,