

**EMERYVILLE PLANNING COMMISSION**

**STAFF REPORT**

**Agenda Date:** March 28, 2019

**Report Date:** March 21, 2019

**TO:** Planning Commission

**FROM:** Community Development Department  
Miroo Desai, Senior Planner

**SUBJECT:** **Adeline Springs Extension Request  
(UPDR17-009)**

**PROJECT  
LOCATION:** 3637 Adeline Street  
(APN: 49-481-15)

**APPLICANT/  
OWNER:** RB Adeline LLC, Ali Kashani  
505 Sansome Street, Suite 900  
San Francisco, CA 94111

**PROJECT  
DESCRIPTION:** A request for a one year extension of a Conditional Use Permit and Design Review permit to demolish an existing 5,866 square foot building (“U.S. Spring”) and construct a new, five story building that will accommodate 29 rental residential units and 4 to 6 live/work units on a 12,528-square foot parcel located at 3637 Adeline Street.

**GENERAL  
PLAN:** Mixed Use with Residential and Major Transit Hub

**ZONING  
DISTRICT:** Mixed Use with Residential South (MURS) and Transit Hub Overlay (TH)

**ENVIRONMENTAL  
STATUS:** This Project is exempt from environmental review under State CEQA Guidelines Section 15332, which applies to infill development projects, and under the “general rule” at Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the proposal may have a significant effect on the environment.

**RECOMMENDED  
COMMISSION  
ACTION:**

1. To open the public hearing and take testimony regarding the extension request.
2. To close the public hearing and consider the staff report and Resolution.
3. Adopt Resolution CPC No. UPDR17-009/ Extension approving the requested extension.

## **DISCUSSION**

On March 22, 2018, the Planning Commission approved a Conditional Use Permit and Design Review to construct the Adeline Springs project to demolish an existing 5,866 square foot building (“U.S. Spring”) and construct a new, five story building that will accommodate 29 rental residential units and 4 to 6 live/work units.

The applicant now requests a two-year extension of the entitlements for the project. According to the applicant, the project has been delayed because of an inability to find financing to construct the project. Specifically, the applicant states in his letter (attached) that they have pursued several avenues including:

1. Secured construction budget and pricing from West Builders Inc in April, June and August 2018;
2. Secured construction budget and pricing from Zcon Builders in April, June and August 2018;
3. Completed a Market Study by The Concord Group in April 2018;
4. Completed various financial feasibility studies during April, June and August 2018.
5. Procured Broker’s Opinion of Value from Greystone Real Estate Advisors, Inc. and from The Pinza Group, Inc.;
6. Listed the property for-sale with Greystone Real Estate Advisors, Inc. who in-turn performed extensive marketing for the sale as an approved project to developers;
7. Performed financial feasibility analyses to build the project as a 100% affordable project with funding support from the City of Emeryville;
8. Held several meetings with the City’s Economic Development and Housing Manager regarding the City’s interest in participating in the project as an all-affordable project with average affordability at 50% AMI.

The applicant continues the explore ways described above to secure funding for the project.

## **STAFF FINDINGS**

Pursuant to Section 9-7.213(a) of the Emeryville Planning Regulations, unless the Planning Commission specifies otherwise, any conditional use permit and design review permit automatically expires unless an application for a building permit has been filed and fees have been paid within one year from the date of approval, which would be March 22, 2019 in this case.

For reasons described above and in the attached letter, the applicant has not been able to file a building permit application within one year following the approval date.

Section 9-7.213(b) of the Planning Regulations allows the Planning Commission to grant extensions to previously approved permits to a maximum of three years from the original approved date. The applicant has requested approval of a two-year extension of the permits, until March 22, 2021. However, Section 9-7.213 (c) permits only one year extension at a time, and two such one-year extensions are permitted.

In order to grant such a request, the Commission must make the following findings pursuant to Section 9-7.213(e):

- (1) That the permit holder has clearly documented that it has made a good faith effort to commence work upon the use; and
- (2) That it is in the best interest of the City of Emeryville to extend the permit; and
- (3) That there are no substantial changes to the project, no substantial changes to the circumstances under which the project is undertaken, and no new information of substantial importance that would require any further environmental review pursuant to the California Environmental Quality Act; and
- (4) That the permit holder is maintaining the property in compliance with all applicable City regulations.

In staff's view, these findings can be made in this case. There is a housing crisis in the Bay area and it is in the City's interest to extend entitlements for another year. There are no circumstances that would require any further environmental review of the project, and the property is being maintained in conformance with applicable City regulations.

**RECOMMENDATION:**

Staff recommends that the Commission approve this request for a one-year extension, with a new expiration date of March 22, 2020.

**Attachments:**

1. Applicant Permit Extension Request Letter
2. Resolution

**RESOLUTION CPC NO. UPDR17-09/ EXTENSION**

**RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF EMERYVILLE GRANTING A ONE-YEAR EXTENSION OF THE APPROVAL OF A CONDITIONAL USE PERMIT AND DESIGN REVIEW TO DEMOLISH AN EXISTING 5,866 SQUARE FOOT BUILDING (“U.S. SPRING”) AND CONSTRUCT A NEW, FIVE STORY BUILDING THAT WILL ACCOMMODATE 29 RENTAL RESIDENTIAL UNITS AND 4 TO 6 LIVE/WORK UNITS ON A 12,528-SQUARE FOOT PARCEL LOCATED AT 3637 ADELINE STREET (APN: 49-481-15)**

**WHEREAS**, on June 5, 2017 RB Adeline LLC (“Applicant”) submitted an application for a Conditional Use Permit and Design Review to demolish an existing 5,866 square foot building (“U.S. Spring”) and construct a new, five story building (“Adeline Springs”) that will accommodate 29 rental residential units and 4 to 6 live/work units on a 12,528-square foot parcel located at 3637 Adeline Street (the “Project”); and

**WHEREAS**, the Planning Commission held a duly and properly noticed public hearing on March 22, 2018 and approved the Project (Resolution No. **UPDR17-009**); and

**WHEREAS**, the Applicant now requests an extension of the permits in order to secure adequate financing for constructing the project; and

**WHEREAS**, the Planning Commission held a duly and properly noticed public hearing on March 28, 2019 to review and consider the request for an extension and to solicit public comments; and

**WHEREAS**, the Planning Commission has reviewed and considered the request to extend UPDR17-009 along with the staff report dated March 28, 2019 and attachments thereto, and all public comments for the Adeline Springs project (“the Record”); now therefore, be it

**RESOLVED**, that the Planning Commission of the City of Emeryville hereby finds that the project is exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15332 which applies to in-fill development projects; and the “general rule” at Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the proposal may have a significant effect on the environment; and be it further

**RESOLVED**, that in extending **UPDR17-009** the Emeryville Planning Commission makes the findings as required by Emeryville Planning Regulations Section 9-7.213(e) as follows:

- (1) That the permit holder has clearly documented that it has made a good faith effort to commence work upon the use.

**The applicant has explored several avenues for obtaining construction financing including the possibility of securing applicable funds available for affordable housing.**

- (2) That it is in the best interest of the City of Emeryville to extend the permit.  
**It is clearly in the best interest of the City to extend this permit as this Project will provide much needed housing on one of the City's gateway sites that is currently underutilized.**
- (3) That there are no substantial changes to the project, no substantial changes to the circumstances under which the project is undertaken, and no new information of substantial importance that would require any further environmental review pursuant to the California Environmental Quality Act.

**The project is exempt from environmental review under State CEQA Guidelines Section 15332 which applies to in-fill development projects, and the "general rule" at Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the proposal may have a significant effect on the environment. Since approval of the project, there have been no substantial changes to the Project, no substantial changes to the circumstances under which the Project is to be undertaken, and no new information of substantial importance that would require reevaluation of the exemption criteria.**

- (4) The permit holder is maintaining the property in compliance with all applicable City regulations.

**The buildings on the site are currently vacant and it has been listed by the owner/applicant for leasing to businesses that are permitted by right in the zoning district. The property is being maintained in compliance with applicable City regulations.**

and be it further

**RESOLVED**, that the Planning Commission hereby grants a one-year extension of the Conditional Use Permit and Design Review approval (UPDR17-009) for the Adeline Springs project, with the new expiration date of March 22, 2020.

**APPROVED** by the Planning Commission of the City of Emeryville at a regular meeting held on Thursday, March 28, 2019, by the following votes:

**AYES:** \_\_\_\_\_

**NOES:** \_\_\_\_\_ **ABSTAINED:** \_\_\_\_\_

**EXCUSED:** \_\_\_\_\_ **ABSENT:** \_\_\_\_\_

\_\_\_\_\_  
**CHAIRPERSON**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**RECORDING SECRETARY**

\_\_\_\_\_  
**ASSISTANT CITY ATTORNEY**

RB Adeline, LLC  
505 Sansome Street, Suite 900  
San Francisco, CA 94111  
415-684-9345  
January 16, 2019

Charlie Bryant  
Community Development Director  
City of Emeryville  
1333 Park Avenue  
Emeryville, CA 94608-3517

RE: 3637 Adeline Street; Extension of Planning Approvals

Dear Mr. Bryant:

We write to request a two-year extension of planning approvals for Adeline Springs granted by the Planning Commission on March 22, 2018. Our request is based on the following:

1. We have pursued several venues for construction of the approved project, including:
  - a. Secured construction budget and pricing from West Builders Inc in April, June and August 2018;
  - b. Secured construction budget and pricing from Zcon Builders in April, June and August 2018;
  - c. Completed a Market Study by The Concord Group in April 2018;
  - d. Completed various financial feasibility studies during April, June and August 2018.
2. Procured Broker's Opinion of Value from Greystone Real Estate Advisors, Inc. and from The Pinza Group, Inc.;
3. Listed the property for-sale with Greystone Real Estate Advisors, Inc. who in-turn performed extensive marketing for the sale as an approved project to developers;
4. Performed financial feasibility analyses to build the project as a 100% affordable project with funding support from the City of Emeryville;
5. Held several meetings with Chad Smalley regarding the City's interest in participating in the project as an all-affordable project with average affordability at 50% AMI.

At this point, we are pursuing all of the above venues to build the approved project, by either us, another developer, or build it as an all affordable project, all of which require more time.

The former tenant, US Spring Services has moved out of the property effective January 15, 2019, and we have listed the property for short-term leasing with Newmark Knight Frank, and expect to have it leased for short-term for light-industrial uses, that require no discretionary planning approvals.

It is in the City of Emeryville's interest to grant such an extension as the approved project will provide 29 housing units, including five affordable units, six live/work units, ample parking and landscaping, along

Adeline Springs  
3637 Adeline St

with street improvements. Moreover, the new project will replace a non-conforming industrial use in a neighborhood that has been completely transformed.

The approved project remains intact and we expect to make no changes to the physical environmental during the holding period. Finally, we are maintaining the property in compliance with all applicable City requirements.

We would appreciate your recommendation to the Planning Commission to grant us a two-year extension.

Sincerely,

*Ali R. Kashani*

Ali R. Kashani  
Co-Managing Partner

*Joseph Blum*

Joseph Blum  
Co-Managing Partner