

## Oakland/Inner East Bay

# Best Residential Market Rate: Bay Street

### Residential units make Emeryville project 24-hour

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**W**hen completed in December, the residential component of Bay Street literally capped a development and environmental cleanup effort underway for a decade.

What is now considered prime real estate, at the junction of Interstates 80, 580 and 880, was once a contaminated wasteland. Bay Street's land had been home to a pigment factory and insecticide plant, and needed a massive and costly cleanup.

### BAY STREET

**Location:** 5684 and 5689 Bay St., Emeryville.

**Size:** 95 for-sale units; 284 for-rent units.

**Estimated value:** \$150 million.

**Developer:** MacFarlane Partners.

**Financial partner:** City of Emeryville Redevelopment Agency.

**Architect:** SB Architects.

**Contractor:** Devcon Construction.

**Engineer:** KPFF Consulting Engineers.

Emeryville tried to extract cleanup funds from past owners, including British concern Elementis and paint company Sherwin Williams, who had polluted the site or owned companies that once did. But they would not agree to a deal, so the city spent \$10 million of its own money, then successfully sued the companies under a pioneering implementation of an obscure provision of the state's Polanco Act, which governs how redevelopment funds are used to clean up polluted industrial sites.

The cleanup also allowed developer Madison Marquette to build the Bay Street shopping center at the site. The company completed the retail shops in November 2002.

The project's housing component, which



**Sold out:** Bay Street sold all its 95 townhouses for between the \$400,000s and \$800,000s despite a weakening residential market.

sits directly on top of the shops and adjoining parking garage, trailed the retail development. In fact, the 95 for-sale townhouses and 284 rental apartments had to be built behind a four-story screen that featured a painting of the completed units. The screen was designed to shield construction from Bay Street shoppers.

Dirk Hallemeier, MacFarlane's manager on the project, said the project was a financial success, with condos selling from the high 400,000s to the low \$800,000s.

"It's a unique product and a unique setting — they are nice units above the retail and with views of the bay," Hallemeier said.

Madison Marquette, which primarily develops retail centers, brought in San Francisco company MacFarlane Partners as a partner on the residential units.

In at least one regard, that appears to have

been a smart choice: The for-sale housing was completed in August and sold out by February, despite a severe downturn in the residential real estate market that has hit the East Bay even harder than San Francisco. It remains to be seen how quickly the rental units, completed in December, will fill up, but the rental market has become even more robust as the condo market cools.

City leaders see a number of benefits to the housing at Bay Street. One, the rental apartments, marketed as the Metropolitan, include 56 units set aside for low-income residents. Also, since the residents live right above the mall, it is hoped they will drive less often than other residents of the city, whose streets have grown more congested amid rapid population growth.

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