

# Still on track: East Bay TOD projects push ahead amid pandemic

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Over the past decade or so, transit-oriented development has picked up steam in the East Bay with projects popping up from Hayward to Hercules – many of them. Then the pandemic hit, putting into jeopardy a central component in the TOD concept – mass ridership, which has plunged as social distancing, sheltering in place and working from home have taken precedence.

But while the pandemic may have delayed projects initially and could force developers to consider significant design changes down the road, it largely hasn't thrown TODs off-track for now. TOD proponents feel it's still too early to predict what long-term consequences the pandemic will have. They and market analysts also believe the housing crisis and other issues will continue to drive the need for TODs.



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Edward Del Beccaro, executive vice president and Bay Area regional manager at TRI Commercial

“In general, suburban TODs are still desirable to invest in and/or rent in the greater East Bay despite Covid-19,” said Ed Del Beccaro, executive vice president and Bay Area manager for real estate firm TRI Commercial. “Because of traffic congestion, cost of owning a car and parking, lack of available land to build on due to zoning, large habitat areas, low-density zoning and affordable housing near job centers, TOD mixed-use residential projects will still be the future.”

TODs – dense mixed-use communities near public-transportation hubs – have caught on big in the East Bay in large part because the high rents in San Francisco, Silicon Valley and even Oakland have pushed employees ever eastward. The East Bay also has greater room for housing and other developments and more extensive BART connections.

Aside from some temporary work stoppage due to the initial shelter-in-place order at the start of the pandemic, BART's TOD efforts have forged ahead.

“BART is continuing its TOD program as it originally planned because the housing shortage, climate crisis and jobs-housing imbalance will continue to be major issues with or without a pandemic,” agency spokesperson Jim Allison said.

Indeed, the BART board in June approved a TOD development at the West Oakland station. Dubbed Mandela Station, the project eyes 762 housing units, of which about 30% would be affordable. It would also have 300,000 square feet of offices and 52,625 square feet of retail space.

Then in July, BART sent out a qualifications request for a developer to build a TOD on 8 acres of agency-owned property at the El Cerrito Plaza station.

Given the pandemic, “we will see how responses are affected in the fall,” Allison said of that request. “Anecdotally, we have heard there is still interest, especially because BART will be a patient partner in any real estate deal, so we can wait and see how the pandemic affects market activity while still moving entitlements forward.”

In all, BART has 13 completed TOD projects and about as many under construction or in the pipeline. Most all of these are in the East Bay. Among those under way is the Walnut Creek Transit Village, which will feature nearly 600 multifamily housing units and 27,000 square feet of retail space.

Other TODs in the East Bay include the ambitious Hercules Bayfront Master Plan development. Developer Ledcor Properties Inc. broke ground two years ago on the waterfront site, seeking to build more than 1,500 apartments and condominiums, 100,000 square feet of offices and 90,000 square feet of retail space by 2024.

The Bayfront residences have been designed around a transportation center for bus, train and ferry service between Hercules and different points in the Bay Area. In July, leasing began at a 172-unit residential community there called The Exchange.

### **Design implications**

So far, it appears that the pandemic hasn’t spurred developers to reevaluate their designs to address social distancing and other concerns relating to Covid-19.

Del Beccaro and his team surveyed 17 TODs in the East Bay and found no pandemic-related designs advertised or branded that are actively being considered. “We’re not seeing any design changes yet,” he said.

Still, he predicts that in the post-pandemic future new buildings will feature segregated air-conditioning systems, in which air doesn’t flow from one office suite to the next, to combat any virus spread. Future buildings would also have large elevators and wide staircases to promote physical distancing and mitigate crowding, he said.

But these design considerations would bring additional costs to a project compared to what is done now, he said. For instance, installing a segregated AC system per floor per tenant would add \$20 per square foot to improvement costs for a multi-tenant building.

“However, some of these solutions will be necessary over time,” he said.

Del Beccaro also suggested that post-pandemic mixed-use developments should move away from emphasizing too much ground-floor retail space. Covid-19 has exposed the obsolescence of ground brick-and-mortar enterprises as stores and restaurants today are being forced to close or limit their business, he said.

Rather, future projects should allow additional space for financial and professional services — which seem more cushioned against Covid-19 economic impacts than retailers and restaurants. “They also generate traffic to help the remaining retail spaces that survive,” he said.

Paul Angelone, a senior director at the research organization Urban Land Institute, expressed similar thoughts: “Our goal right now needs to be in investing in and promoting solutions that build back in a way that is better, more equitable and more resilient, and yes, creates long-term real-estate value. The pandemic has only accelerated trends already happening like more people telecommuting, the need for smaller retail footprints and more online shopping.”

### **Roadblocks remain**

But public transit's ridership and fiscal challenges, especially if they persist, could cut into the confidence being expressed right now in the TOD arena.

Across the Bay Area, real-time demand for public bus and rail service fell as much as 84% in July, according to the transportation-data app company Transit.

According to BART, its ridership has dropped to 88% below normal levels. The agency is projecting a revenue loss of \$975 million over the next three years and has urged Congress to provide at least \$32 billion in emergency operating aid for transit services nationwide.

"Only time will tell what lasting effects the pandemic will have on public transportation," Allison said, but BART leaders believe "there will always be a need for public transportation for those who cannot drive due to income level, disability or other factors."

BART leaders also view TODs as a way to diversify the agency's revenue stream, he said, acknowledging that "the current dependency on ridership to pay for the majority of operating funds may not be sustainable" unless the commuting numbers return close to what they were pre-pandemic.

Public transit may be facing dire circumstances, but some observers say the importance of TODs won't diminish.

"Working and living in dense, walkable communities well-connected by transit will continue to be both desirable and environmentally necessary," said Sarah Karlinsky, senior adviser for area planning and urban research group SPUR.

Many households will still prefer public transit over cars as an easier way to commute to denser job centers, Karlinsky said.

"Some transportation planners have talked about the 'carpocalypse' that will occur if workers return to the office in private automobiles," she said. "However, "there simply isn't enough space in many urban centers to accommodate that kind of travel."

*Neil Gonzales is a Redwood City-based freelance writer.*

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