



PLEASANT HILL BART STATION LEASING AUTHORITY
Contra Costa County
San Francisco Bay Area Rapid Transit District
30 Muir Road, Martinez, CA
2150 Webster Street, Oakland, CA



TO: Pleasant Hill BART Station Leasing Authority Governing Board
FROM: Will Nelson and Carli Paine, Co-Executive Directors
DATE: May 6, 2025
SUBJECT: Agenda Item 5 – Receive Status Update on Development of Block D of the Pleasant Hill/Contra Costa Centre Transit Village

BACKGROUND

In 2005, the Pleasant Hill BART Station Leasing Authority Board (the “JPA”) approved a Disposition and Development Agreement (“DDA”) with Pleasant Hill Transit Village Associates (“PHTVA”) for development of a Transit Village surrounding the Pleasant Hill/Contra Costa Centre BART Station. PHTVA subsequently assigned its rights in the DDA to Avalon Oak Road, L.P. (an affiliate of AvalonBay Communities, “Developer”). The JPA subsequently approved leases and various other transactional documents that have allowed for development of nearly the entire Transit Village. The final undeveloped piece of the Transit Village is Block D, the unused surface parking lot adjacent to the BART Station and parking structure, which the DDA contemplates will be used for office purposes.

On August 22, 2018, the JPA considered a term sheet and provided direction to the Co-Executive Directors with respect to negotiating the terms of an agreement for development of Block D as an office project. The JPA approved the Fifth Amendment to the DDA (the “Fifth Amendment”) with Developer, and an Addendum to the DDA with Developer to allow for development of Block D. At around the same time, after approval by the BART Board of Directors, the Ground Lease between BART and the JPA was amended to change the permitted use for Block D from residential to office. The terms of the agreement required closing by November 1, 2023.

The JPA began consideration of possible extensions to the DDA in December 2022 as it became clearer that post-pandemic market conditions made the closing date of November 1, 2023, for an office project unachievable. On October 4, 2023, the JPA approved an extension to the DDA under the following terms:

1. 12-month extension, to November 1, 2024, with two additional 6-month extensions possible, with evidence that AvalonBay had made meaningful progress on the items identified below:
 - a. The parties would explore the possibility of separating the property into a 100% affordable housing development and a market-rate development to improve the financial viability of residential development.

Status: AvalonBay indicated it has explored a scenario where they partner with a nonprofit affordable housing developer to develop two buildings on Block D, one 100% affordable and one 100% market-rate. AvalonBay indicated that its discussions with a local affordable housing developer revealed it would be “very difficult” to support the 100% affordable component without a local entity providing subsidy.

- b. AvalonBay would prepare a proforma which would inform the real estate investment trust (REIT) if further investment for planning, and legal work could proceed. The proforma results would be shared with the JPA partners.

Status: AvalonBay submitted an updated proforma in April 2025 that assumed a 270-unit project with 20 percent of the units affordable to people earning 80 percent of the area median income (AMI) and no on-site parking. AvalonBay concluded that a project with these parameters is not financially feasible.

- c. AvalonBay would negotiate terms of an amended DDA incorporating residential as a permitted use.

Status: An amendment to the DDA has not been negotiated because current market conditions make a residential project on Block D infeasible.

- d. AvalonBay would prepare a development plan application and submit a request to the County to amend the land use entitlements.

Status: AvalonBay has not submitted a development plan application.

- 2. Throughout the extension period, Avalon would ensure that the site remains secured and maintained. Avalon would agree to secure the site on or before December 1, 2023.

Status: AvalonBay completed installation of fencing securing the entire perimeter of the Block D parcel in January 2024. AvalonBay has not agreed to perform ongoing maintenance of the Block D.

- 3. AvalonBay would continue to work with staff to identify ways to move the base-line of 250-300 multiple-family residential units in a five-story building to feasibility.

Status: No substantive work has occurred because of market conditions.

- 4. 20 percent of the units shall be affordable for low-income residences; AvalonBay would work with staff to evaluate whether the affordable units will be provided within the same building as the market rate units or in a separate building or parcel within Block D.

Status: See 1.a above.

5. AvalonBay would enter into a reimbursement agreement to cover the costs of staff, including counsel and outside consultants, by December 1, 2023. The reimbursable work will be deferred until such time that market conditions improve.

Status: AvalonBay has not agreed to enter into a reimbursement agreement. However, no significant staff work has been incurred because no development has been proposed for the site.

Staff notes that the Co-Executive Directors signed and forwarded to AvalonBay a letter dated October 24, 2023, outlining the terms of the DDA extension and requesting return of a signed copy accepting and agreeing to the terms. To date, AvalonBay has not submitted a signed copy, citing the ongoing maintenance requirement (see Term 2 above) as an obstacle.

The BART Board of Directors took action on March 7, 2024, to amend the Ground Lease between BART and the Pleasant Hill BART Station Leasing Authority to allow residential uses as a permitted use on Block D.

RECOMMENDATION

The purpose of this report is to update the Board on the status of Block D, as the DDA extension approved in October 2023 is set to expire on November 1, 2025. Staff recommends that the Board accept the report and plan for a future meeting, tentatively in September or October 2025, to discuss options for advancing development of Block D in closed session.