

# San Francisco Chronicle

BAY AREA

## Huge new BART housing development on the Peninsula will test whether transit is still a draw



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Jan. 19, 2023 | Updated: Jan. 20, 2023 6:05 p.m.

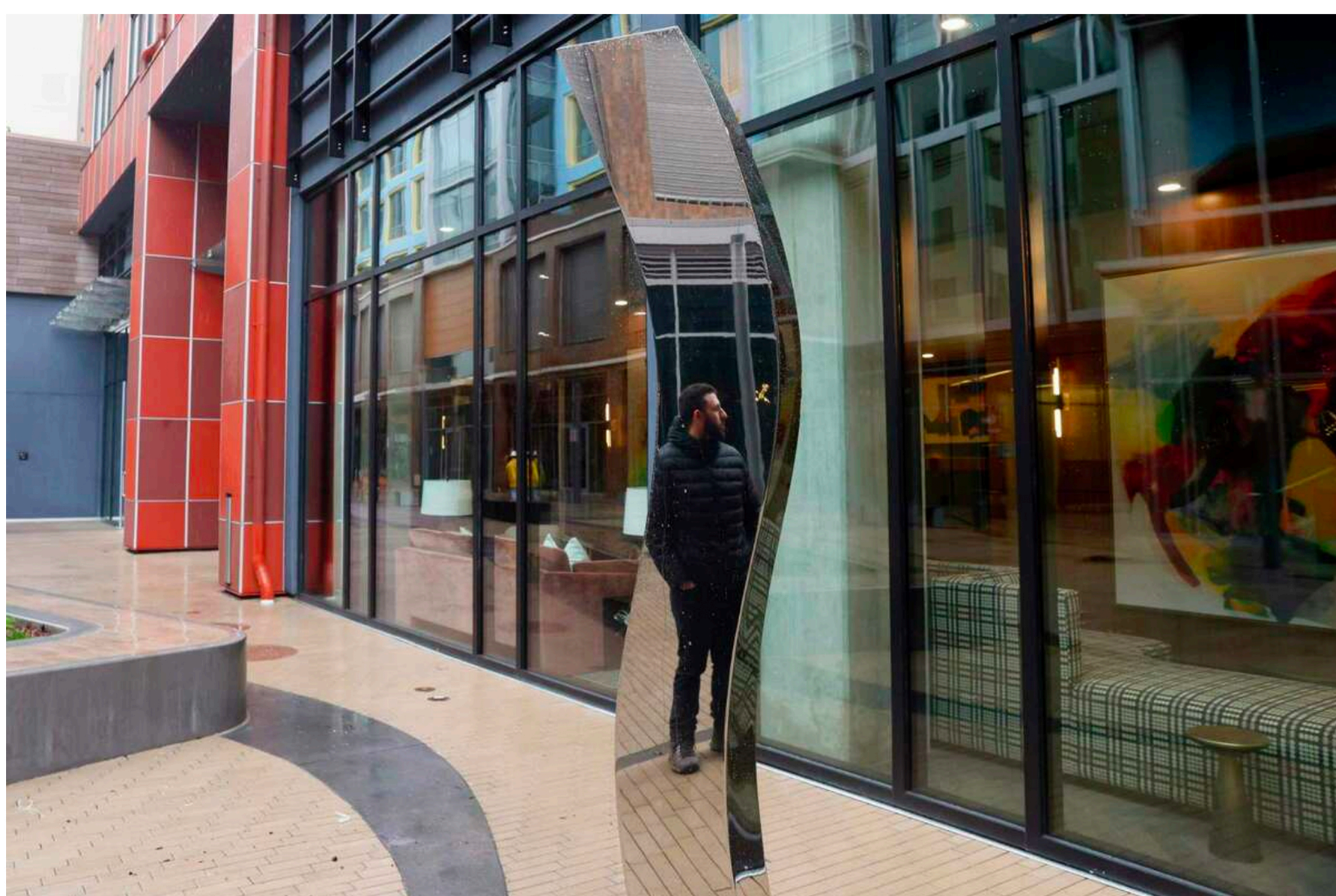


For a quiet bedroom community known for its Chinese banquet halls, sleepy downtown and proximity to the airport, Millbrae plays an outside role in the Bay Area's transportation network.

Millbrae Station is the only direct connection between BART and Caltrain. It is BART's terminal station on the Peninsula, served by two lines, and is a major hub for Samtrans bus service. It's also slated to be a high-speed rail station.

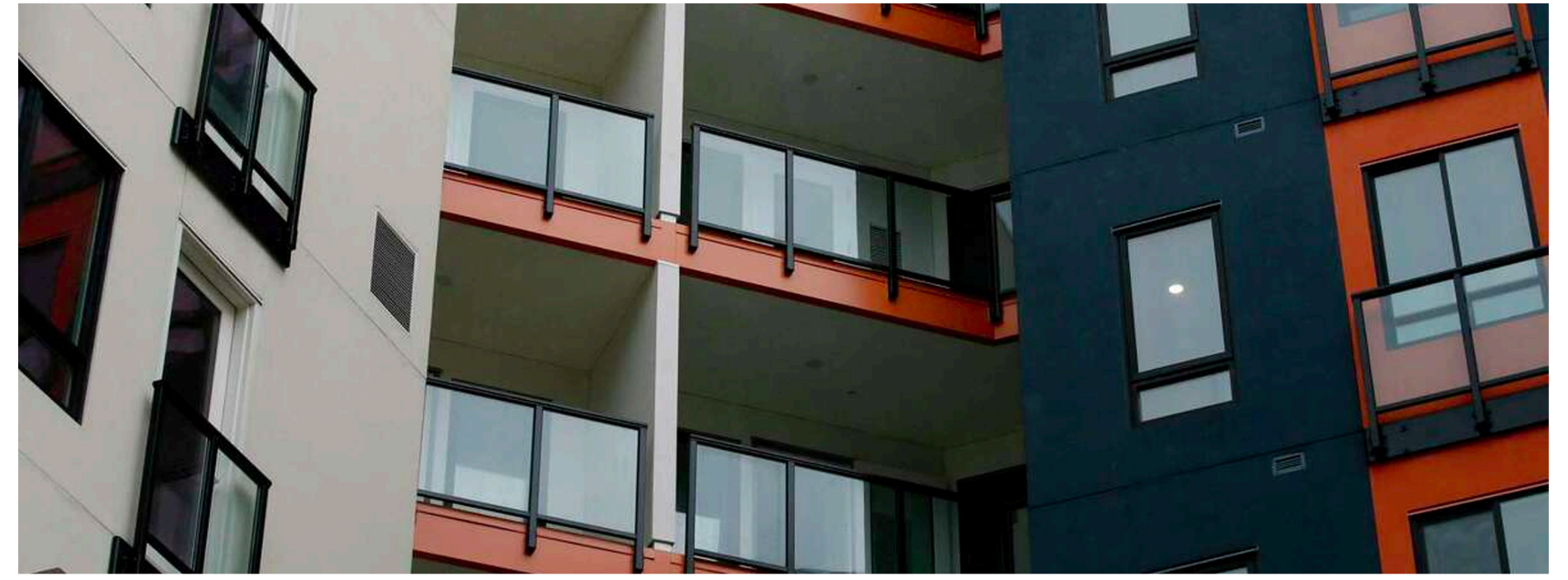
Yet, despite the rich transit infrastructure, the land around the station has long been a wasteland — a 9-acre expanse of surface parking lots equivalent in size to six football fields.

Next month, that will finally change. After three years of construction, **Republic Urban Properties** is wrapping up construction on the **Gateway at Millbrae Station**, the largest development thus far in BART's push to transform its collection of parking lots into transit villages with enough homes, shops, restaurants and office space to both supercharge train ridership and help ease the Bay Area's famous housing shortage.



The Millbrae development has 400 homes in two residential buildings — 100 of which are affordable, including 80 targeting low-income veterans. It has a 162-room hotel, 150,000 square feet of office space and 43,000 square feet of retail — mostly cafes and restaurants that will spill out onto the plaza connected to the train station.

"Obviously Millbrae is hugely important to the future of our transportation network," said Abby Thorne-Lyman, BART's director of real estate and property development.



So far, BART's push into transit-oriented development has yielded about 4,000 housing units and 850,000 square feet of office space. Projects have opened on BART land in Dublin, Hayward and Pleasant Hill, as well as Ashby in Berkeley and Coliseum, Fruitvale and MacArthur in Oakland.

That is just the start. By 2025, BART is aiming to complete 7,000 units and 1 million square feet of commercial space, and by 2040 the goal is to add 20,000 homes and 4.5 million square feet of offices. In addition to the Millbrae project, this month brought the opening of a 358-unit complex in Walnut Creek. About 310 units are still under construction on BART land, all of which will serve low-income renters — 131 apartments at the Balboa station in San Francisco, and 180 at the Fruitvale station in Oakland.

Of course, the three years it took to build the Millbrae project coincided with a pandemic and a seemingly permanent shift in commuting habits. BART ridership is still down 60% from 2019 highs, and Caltrain's ridership is even lower. In that context, it's unclear whether the convenience of living next to a commuter rail station is as alluring as it once was.

During a tour of the development last week Republic Urban Properties President, **Michael Van Every** acknowledged the changing landscape.

"I think the driver was the public transit when we first started," he said. "Now you go back to the fundamentals of a good location: by the airport, on a freeway, next to great retail, near El Camino."

Van Every sees the project as a destination in itself. It will have a dozen restaurants, a plaza with outdoor dining and live entertainment. There will be spots for Giants or Warriors fans to grab a drink before or after taking Caltrain to a game. The development is within a 15-minute walk to more than 1,200 housing units built or under development in Burlingame, and a 850,000-square-foot biotech campus is under construction just to the south.

While he expects the apartment building will land four or five tenants a week, office space has been slow to lease given all the uncertainties around remote work.

"I'm a believer that transit will come back," he said. "I do know that traffic is still pretty bad. Nobody should ever count San Francisco out. To me it's the greatest city in the world."

Pre-pandemic studies showed that 40% of residents who live close to BART take the train every day and are twice as likely to be car-less.

The collapse in commuting culture has so far not weakened interest in developers looking to build next to BART, Thorne-Lyman said, although rising construction costs have slowed down some projects in the pipeline. She said the agency is willing to wait for "trends to settle."

"We are a patient land owner," she said. "Holding costs are minimal. We don't require a lot of upfront payment."

While other multi-phase BART lot developments will eventually be bigger, what makes Millbrae unique is that it is all coming online simultaneously: the apartments (called Station 16), the Marriott hotel and the office space. It is also the first BART development with a hotel. "It's going to be so easy to hop over to SFO with your suitcase," said Thorne-Lyman.

On a recent walk around the property, Van Every met up with Millbrae City Manager Tom Williams and Mayor Ann Schneider, who were checking out the plaza in anticipation of holding a Martin Luther King Day ceremony there.

Williams said the Gateway is the first of three key developments by the transit center. The second, an 850,000 square foot life science development, is starting to come out of the ground. The third, a 488-unit development known as Serra Station, is caught up in litigation between the city and the California High-Speed Rail Authority, which wants the land for station expansion.

Williams credited the Gateway with giving the developers of the biotech project, Alexandria Real Estate Equities and Longfellow Real Estate partners, confidence to move forward. That project has already landed a tenant. Eikon Therapeutics, a biotech firm based in Hayward, will move its headquarters into the new life sciences complex.

"This has really been a catalyst to get things moving across the street," said Williams.

Other cities on the northern end of San Mateo county are better known than Millbrae, a city of 23,000. Burlingame has trendy shops downtown, fine dining and top schools. South San Francisco is the largest biotech cluster in the world with 11.5 million square feet and 200 companies.

But only one city is home to the largest intermodal transit station on the West Coast, something that the new Gateway project highlights.

"Millbrae is standing up for itself," Schneider said. "And this is a big part of it."

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