

Update on Caltrain Real Estate Revenue Opportunities

Peninsula Corridor Joint Powers
Board

February 6, 2025



Presentation Overview

1. Overview
2. Guiding Policies
3. Development Opportunities
4. Lease Opportunities
5. Ongoing Efforts and Next Steps

1. Overview of Real Estate Revenue Sources

Development

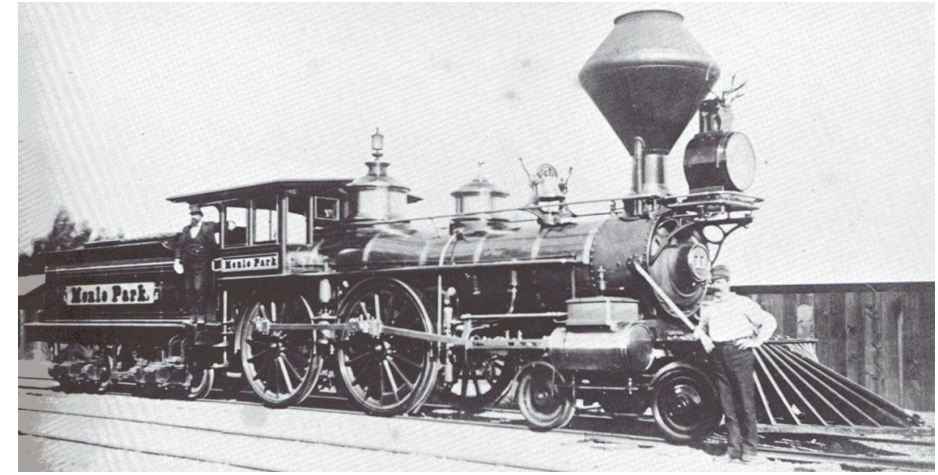
- 5 priority sites identified
- First TOD planned at Hayward Park Station
- 4 in various stages of planning
- No revenue to date

Commercial Leases

- 50+ active leases, +/- \$1 M in annual revenue

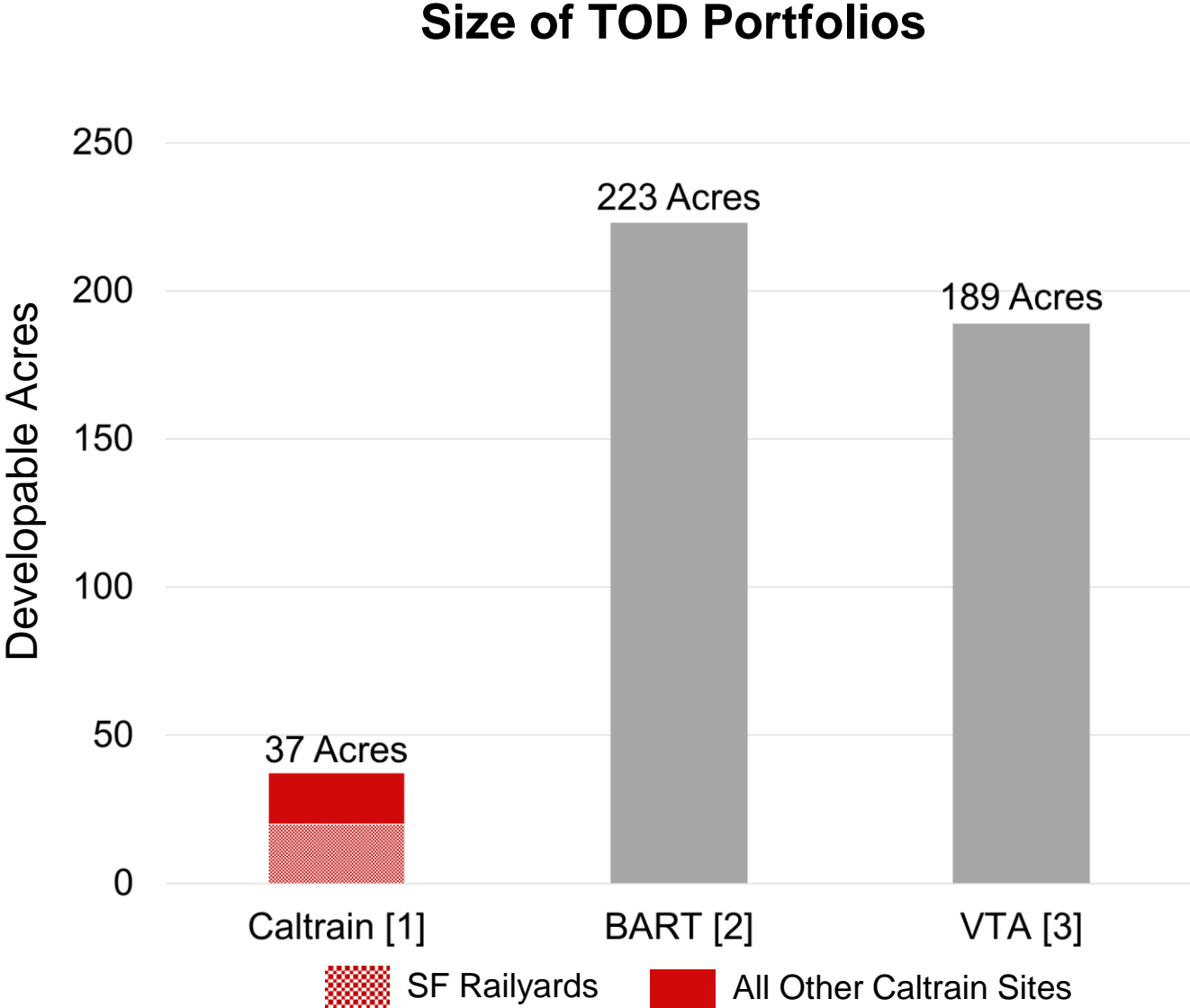
Property Ownership

- Railroad in operation for 160 years
- Right of Way purchased from Southern Pacific in 1991
- Some station properties from 22nd Street to Tamien granted by State to JPB in 1995
 - Includes historic station buildings
- Other Acquisitions:
 - Central Equipment and Maintenance Facility site
 - Two buildings in Menlo Park for maintenance of way and dispatch
 - Minor additions to ROW for grade separation projects
 - PCEP: approximately 85 parcels (largest is 1.5-acre traction power facility, most 1.5-7 feet wide)



Limited Property in Comparison to Peer Agencies

- Compared to many other transit agencies, JPB's scale of development opportunities are limited
- BART system built beginning in the 1960s, VTA in the 1980's
- Both VTA and BART have extensive parking lots, leading to more extensive property ownership



[1] Includes 30.6 acres of priority opportunity sites and 6.8 acres of other property.

[2] VTA Transit-Oriented Development Portfolio, June 2024

[3] BART Transit-Oriented Development Program Work Plan, Table C-44, August 2024

Millbrae Example



2. Guiding Policies

- Property Conveyance Policy
- Rail Corridor Use Policy
- Caltrain TOD Policy
- State Surplus Lands Act

Property Conveyance Policy

- Updated 2021
- Details the process for reviewing and approving third-party use of JPB property
- Describes types of real estate agreements (e.g., right of entry, license agreements, lease agreements)
- Sets forth requirements related to service agreements and processing fees

Rail Corridor Use Policy (RCUP)

- Adopted 2020
- Guides how JPB-owned property is used in support of the Adopted Service Vision
- Sets out a process for decisions about “non-railroad uses” on JPB property, such as private development, utilities, community facilities
- Ensures that property needed for future operations and capital projects is preserved
- **Identifies properties available for development; future policy updates may enable additional opportunities**

Adopted
Service
Vision



Rail Corridor
Use Policy



TOD
Opportunities

Caltrain TOD Policy

- Adopted 2020
- Overarching goals:
 - Sustainable transportation
 - Value creation
 - Equity
 - Complete communities
- 30% affordable housing requirement:
 - 10% of units targeted to households with incomes at or below 50% of Area Median Income (AMI)
 - 10% at or below 80% of AMI
 - 10% at or below 120% of AMI



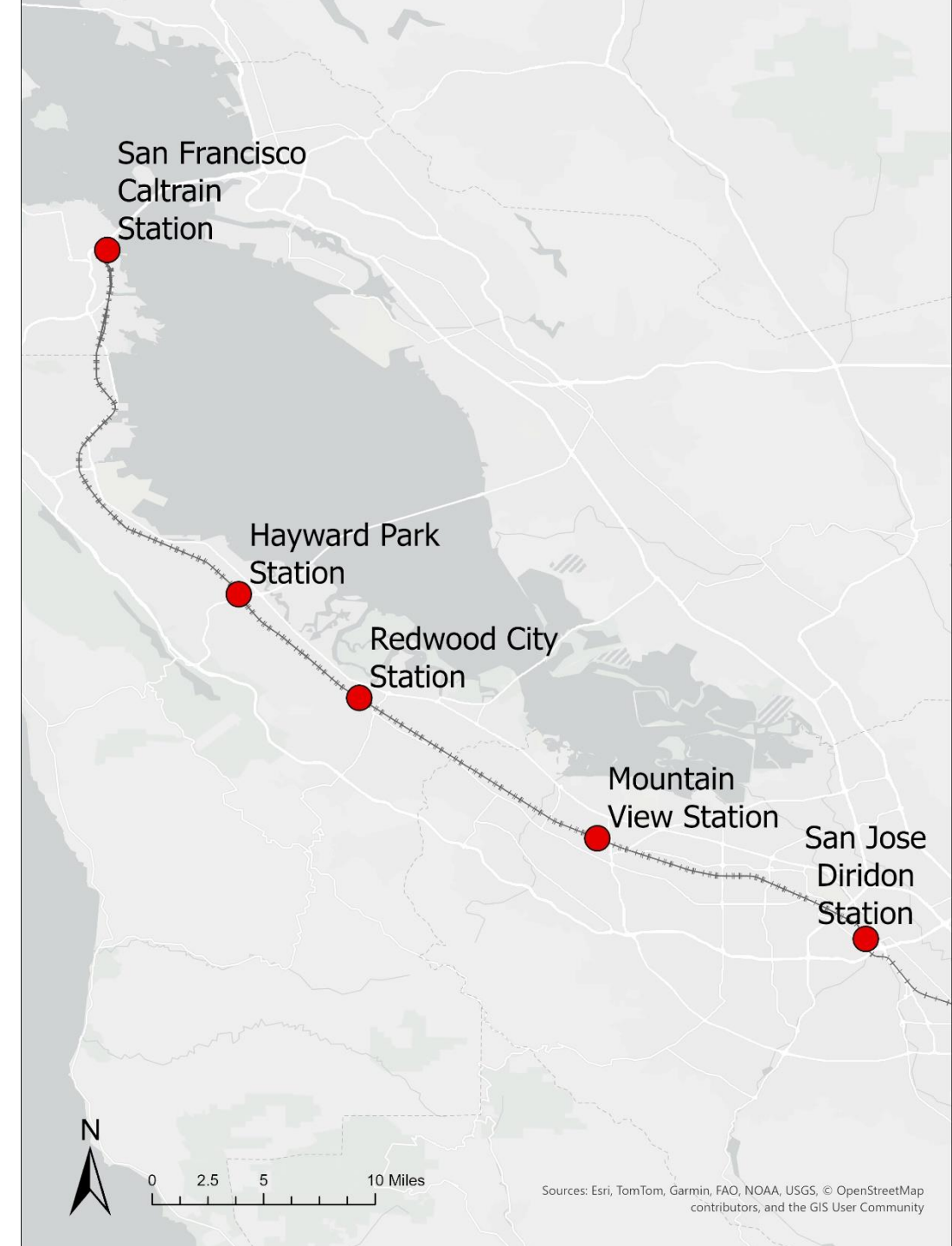
California's Surplus Lands Act

- Applies to local agencies, **including the JPB**
- Requires that park districts, public school districts and affordable housing developers have the **first opportunity** to purchase (or lease) agency-owned land, unless property is declared “exempt surplus land”
- **Requires an RFP/bid process** to select or reject affordable housing proposals; if rejected, property can be sold or leased in broader market



3. Caltrain TOD Opportunities

- 5 priority TOD opportunities identified through RCUP process
- Significant revenue potential, but feasibility influenced upon many factors including:
 - Market conditions
 - Cost to replace transit parking or incorporate other new transit facilities
 - Environmental costs
 - Affordable housing requirements



Hayward Park TOD

- Caltrain's first TOD project; ground lease executed with Sares Regis Group in December 2022
 - 191 studio, one-, and two- bedroom residential units
 - 28 income-restricted units (16 very low income and 12 moderate-income units)
 - Publicly-accessible bike room
 - Improved bus stop and enhanced bike and pedestrian connectivity to the station
- **Status:**
 - Project on hold due to market conditions
 - Ground lease includes early termination option if developer is unable to assemble financing



Diridon TOD

- Consistent with Diridon Station Area Plan (DSAP)
- 1.1 million square feet commercial space; ground floor active uses
- ~1 acre of open space, including plaza and publicly accessible areas
- Underground parking garages to be included in the DSAP Parking Management District
- 336 indoor bike spaces
- **Status:**
 - Entitled December 2024
 - Monitoring market conditions prior to developer solicitation

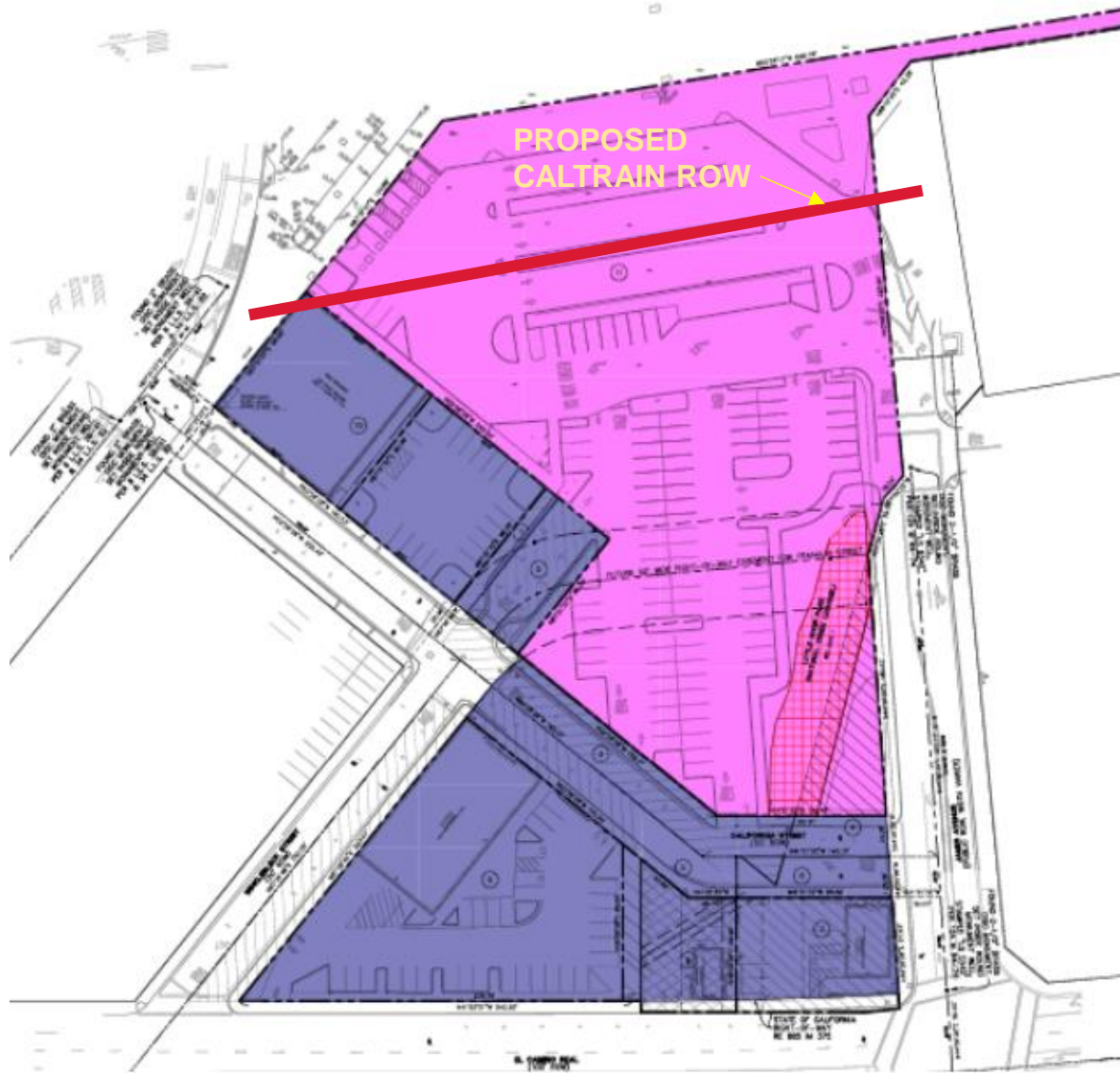


Redwood City TOD

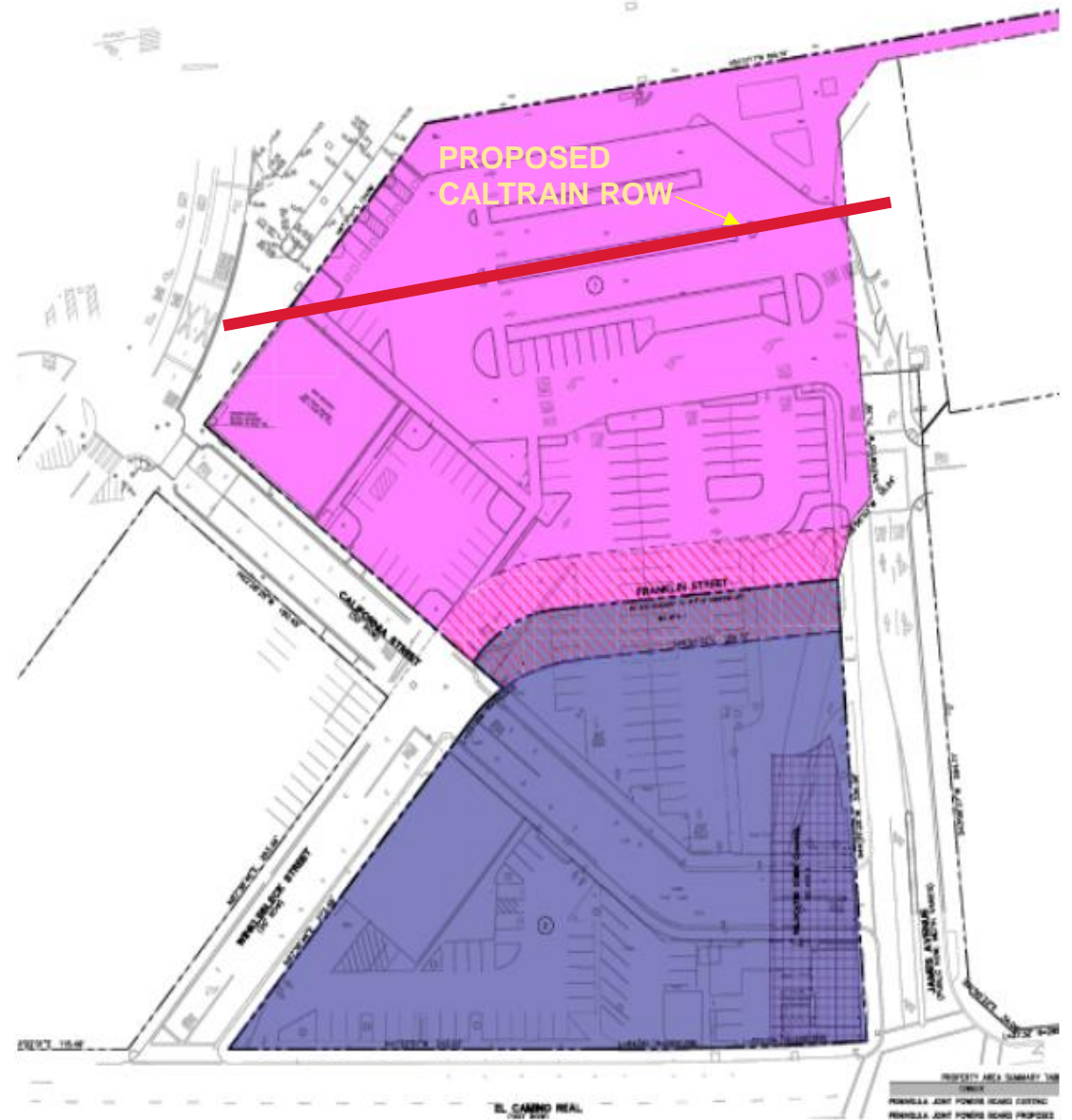
- 2.8-acre property that currently includes:
 - 84 parking spaces
 - SamTrans' bus transit center
 - A creek channel and the City's Little River Park
- Planned 3-way property exchange with the City and El Camino Real Holdings JV LLC
 - Benefits all parties by enabling additional TOD near the station and creating a more efficient street grid
 - Provides JPB with improved future development site for up to 315 residential units
- Future grade separation project is planned to include new station and bus transit center; if TOD advances sooner, will work with SamTrans to plan interim bus facility
- **Status:**
 - Term sheet approved by Board; final agreement expected Spring 2025

Before Exchange

(pink = JPB property)



After Exchange



San Francisco Railyards

- 20-acre site – includes 4th & King Station
- Railyard and station do not meet long-term user experience and operation needs
- Property is owned by Prologis and subject to a perpetual operating easement held by the JPB
- Prologis, Caltrain and City of SF are working together to advance future development planning



San Francisco Railyards

- Potential for:
 - A world-class mixed-use transit-oriented development featuring residential, office, retail and public open space
 - New sustainable and resilient station integrating Caltrain with nearby transit
 - Improved railyard operations and passenger experience
- Real estate terms will be negotiated as part of the next phase of work (with Board input)
 - May include a revenue stream as well as modernized station and rail facilities



Mountain View TOD

- JPB owns 3.1-acre transit center; partially subject to VTA easement
- City-led Transit Center Master Plan in 2017
- Included initial concepts for joint development including transit center, private development, shared parking and public plaza on properties owned by JPB and the City
- Staff recently re-initiated discussions with City staff about pursuing a joint study to explore development feasibility
- Ultimately, Caltrain would issue development solicitation and work with the selected developer and the City to advance the project



Figure 23 - Rendering Example of Evelyn Looking East From Castro, with a Potential TOD Massing

Other Potential Opportunity Sites

Location	Area Remaining After Capital Project Overlay	Notes
Williams Ave. & Diana St., San Francisco	1.4 acres	Site occupied with community garden and over tunnel
San Mateo Station	1.1 acres	Subject to long term lease with City of San Mateo
2 nd Avenue, San Mateo	0.3 acres	Great location, very small site
Former Hillsdale Station	0.6 acres	Not independently developable
Menlo Park Station	1.2 acres	Very narrow, includes parking and historic station
Sunnyvale Station	0.9 acres	Used as the station's primary access point, shuttle and parking

4. Leases

- **Over 50 active commercial leases across the corridor with annual revenue of approximately \$1 M+**
- **Examples:**
 - Retail at 4th and King Station
 - Use of skinny parcels along the right of way for parking for auto dealerships
 - Leases for areas behind buildings encroaching into the right of way (often parking)
 - Leases for use of station property (e.g., use of excess parking)
 - Storage facilities
 - Cell tower
- **Current efforts:**
 - Focused on identifying additional sites that may have lease potential
 - Initiating Corridor-Wide Leasing Strategy; first step is reviewing station assets

5. Ongoing Efforts and Next Steps

Ongoing:

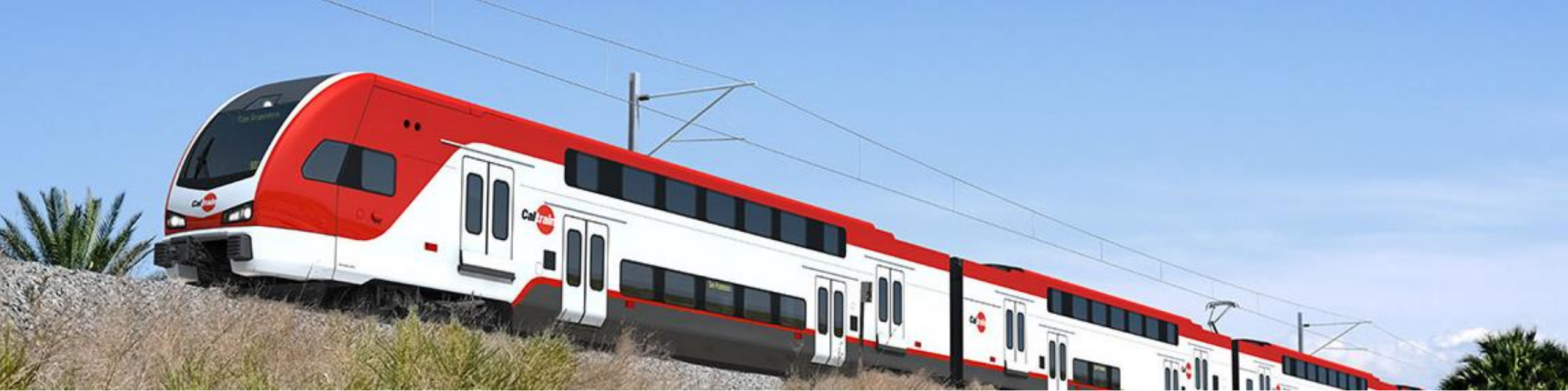
- **Continue to advance TOD on priority sites**
- **Corridor-Wide Commercial Leasing Strategy:** reviewing asset inventory to identify additional spaces to market for lease

Near Term:

- **Non-Fare Revenue Strategies Study** will recommend strategies to maximize revenue from real estate/TOD activities (Board update)
- **Real Estate & TOD Work Plan** will document goals and action items (with Board input)

Medium Term:

- **RCUP and TOD Policy Updates** to follow update to Adopted Service Vision



Thank you!

