

Community News

Developer chosen to rehab Daughtrey's building in Castro Valley

Proposal includes grocery store, restaurant



This design rendering by SZFM Design Studio, of San Francisco, shows what the proposed retail-only complex by Main Street Property Services, Inc., of Lafayette, may look like once the old Daughtrey's department store building on Castro Valley Boulevard is redeveloped. The Castro Valley Municipal Advisory Council gave Main Street Property's proposal their vote of confidence last week. The advisory board also authorized Alameda County leaders to negotiate exclusively with Main Street Property to redevelop and buy the old Daughtrey's building site. (Courtesy photo/SZFM Design Studio)

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CASTRO VALLEY — A Lafayette developer will be given a chance to transform the long vacant Daughtrey's building in Castro Valley into a food and dining complex after beating out eight other proposals, including two for mixed-use projects.

The 5-2 decision by the Castro Valley Municipal Advisory Council on July 17 paves the way for Alameda County to begin exclusive negotiations with Main Street Property Services, of Lafayette, over the next 60 to 90 days. Developers want to turn the building into a 24,000-square-foot "department store of food."

"All the experiences I've had in commercial real estate and retail over the past 37 years have prepared me for this unique project," Main Street Property Services founder Craig Semmelmeier said at the council's meeting.

"I've been wondering where that unique and special project would be, where we could do something really amazing like this, and it is here in Castro Valley." The Main Street Property proposal calls for a retail-only project, featuring an 8,000-square-foot natural food store on the first floor called Castro Valley Marketplace and operated by Alameda Marketplace, along with close to a dozen specialty food businesses, including a possible coffee shop and restaurant.

The second level would feature a cooking school, yoga or Pilates studio, salon or spa, and cookware shop.

The building also would have a 6,000-square-foot restaurant in the basement, called Castro Valley Speakeasy and operated by Blind Tiger Restaurant, of Oakland.

MAC members Linda Tangren and Ted Riche voted against Main Street Property's plan in favor of two other top-rated proposals for mixed-use projects by Samson's Properties, of Castro Valley, and Bay Area Urban Development, of Alameda.

"It's good that you guys address a gap —

meaning a high-end, organic place where people can go to, spend money and buy some great stuff — and I'm really on board with that," Riche told Main Street Property executives at the meeting. "I'm just really concerned about the existing business owners and the effects on their business, so in my eyes, I think you guys are the right project but in the wrong location; I'd like to see you guys at Rite Aid," he said.

Samson's Properties proposed renovating the Daughtrey's building and creating an up to three-story mixed-use structure, with 11,000 to 12,000 square feet of ground-floor retail space, including a brewery, a Henry's House of Coffee shop, wine bar and public meeting space. The proposal also outlined plans to build out 22 market-rate apartments and basement-level parking.

Bay Area Urban's proposal outlined plans for a 2,500-square-foot, ground-floor courtyard, nine second-floor apartments, and 8,750 square feet of retail space, including The Mexican Restaurant & Bar, a tap house and Journey Coffee Co. shop.

All four owners of a shared parking lot behind the Daughtrey's building would have been required to sign off on the Samson's Properties and Bay Area Urban proposals, since both included plans for residential units, Alameda County economic and civic development director Eileen Dalton said.

Both developers secured accords with three shared parking lot owners ahead of the meeting, including Robert Chau; Charles and Patricia Schweng; and Kenny and Wendy Fong.

Alameda County, the only missing parking lot owner, owns the Daughtrey's building and created the \$4.8 million shared parking lot.

Schweng and Fong family representatives opposed the Main Street Property proposal, citing concerns about future parking issues and the long-term viability of the retail-only project.

"The Daughtrey's building has been vacant for decades because the business models and shopping trends changed, and the grocery business is more rapidly changing today," said Ben Schweng, whose mother and father own a nearby office building on Wilbeam Avenue.

"I think you're going to see that it's unclear what's going to happen with that space, and in six years, I think there's going to be a grocery business at Rite Aid down the street, which will have more parking and likely a fleet of delivery trucks," he said.

Castro Valley resident Janine Dictor disagreed, saying Main Street Property "has a vision, and this comes secondarily to (financial) risk." Of the three developers who presented their plans to the Castro Valley MAC, Main Street Property had the best financial capacity to fund the project, according to county consultants.

"I feel like I'm living in a bizzaro world in which we have a parking issue in downtown Castro Valley; we do not have a parking issue in downtown Castro Valley," Dictor said.

"The issue is that we have a dirty downtown and that businesses downtown aren't attracting people who want to utilize them, so let's make it better. I don't understand why we are not rolling out the red carpet to get someone in Castro Valley who knows what they are doing," she said.

Only 62.5 percent of the 40,000-square-foot Daughtrey's building, or 25,000 square feet, can be used for active commercial or retail uses because of parking constraints, Dalton said. The remaining areas can be used for storage, kitchen operations, break rooms or office space.

The final purchase and redevelopment agreement between the county and Main Street Property will be considered by the Castro Valley MAC and Alameda County supervisors. The Castro Valley MAC will also reconsider the design and use of the building once final plans are submitted.