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# Exclusive: Baltimore developer bets big on city near San Francisco with \$500-million investment

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Baltimore developer [Ernst Valery](#) sees something in the city of Richmond, California, most investors traditionally haven't.

Proximity to San Francisco, a Bay Area Rapid Transit subway station and an attractive waterfront as well as other assets.

Valery, founder and president of Baltimore-based SAA/EVI Development, currently has three massive projects underway in Richmond totaling around 870 homes and 73,000 square feet of office, commercial and retail space. The three developments represent an investment of around \$500 million.



ERIC STOCKLIN

Ernst Valery is the managing partner of SAA | EVI Development.

“We’re looking at Richmond as a cosmopolitan city full of cultural gems, as a place that will be an example for the rest of the Bay Area of how we do development without displacement,” Valery said.

Richmond sits 19 miles over the Bay Bridge from San Francisco and 13 miles north of Oakland.

The first of the developments is the Richmond Business Hub, a 13,828-square-foot business incubator that will occupy the ground floor of Richmond’s BART parking garage. The project, which broke ground in June and is set to open on Jan. 15, contains a high-tech co-working space that will be operated by Co-Biz, as well as a food hall featuring local restaurants and pop-up concepts anchored by Fruitvale, California-based Red Bay Coffee. There will also be classes and training seminars for budding business owners.

“We believe it will spur other businesses to come out of the Co-Biz space and maybe open their own brick-and-mortar space on MacDonald Avenue (downtown),” said [Amanda Elliott](#), executive director of Richmond Main Street, a nonprofit organization focused on revitalizing the city’s downtown. Main Street was one of SAA/EVI’s partners on the Business Hub project.

Valery’s vision for the Business Hub is integrally connected to his two proposed mixed-use housing projects downtown.

“People should be flocking to Richmond but for some reason they don’t go downtown. Investors, lenders tell you it’s not there,” Valery said. “We didn’t want to do just one little project because it would take too long for change to happen. We thought big picture: ‘How do we get a corridor downtown?’ That’s when we started looking at larger redevelopment efforts.”

SAA/EVI recently signed a disposition and development agreement with Richmond to build up to 378 apartments and 54,000 square foot of commercial space at 12th Street and MacDonald Avenue, just blocks away from the BART station. Valery hopes to begin construction on the project’s \$125 million first phase — 256 apartments and 25,000 square feet of commercial space — by late 2019. Around 20 to 30 percent of the units would be affordable.

Valery also intends to lease some of the project’s commercial space to local restaurants and to pop-ups from the Richmond Business Hub that want to expand their physical footprint.

In early summer, SAA/EVI was selected to negotiate exclusively with Richmond for the development of a 5.8-acre parcel of land across the street from the BART station. The development represents the second and final phase of the Richmond Transit Village or Metro Walk. The first phase of the project was completed in 2006, when Olson Co. built out 132 units on the west side of the station. SAA/EVI is on track to sign a disposition and development agreement for the parcel in a few weeks.

[SAA/EVI’s proposal for 495 apartments, 20 to 30 percent of which would be affordable, and 33,800 square feet of commercial space](#), was originally one of five proposals considered by the city for the site.

SAA/EVI has a track record building apartments in Baltimore, Washington, D.C., Boston and Buffalo, New York. In Baltimore, for example, the firm opened this year the [\\$22 million Nelson Kohl apartment project](#) near Penn Station.

Richmond Mayor Tom Butt said that SAA/EVI’s investment in the city may lead to a “tipping point where people are just as willing to pay a hot price here as anywhere else.”

At the same time, he said, “We’re not there yet. The biggest challenge is that Richmond still has the lowest rents and home prices in the inner Bay Area” due to its “pervasive and longtime reputation as a place that is plagued by blight and poverty.”

“That characterization is not really accurate, but these things are hard to shake,” Butt said. “Changing the reality and changing the perception are two different things.”

Valery hopes that his projects will help change both reality and perception.

“The result will be the market and other folks start to see the value in Richmond,” Valery said.

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