

## **MEMORANDUM**

**To:** CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

**CTC Meeting:** October 15-16, 2026

**From:** STEVEN KECK, Chief Financial Officer

**Reference Number:** 2.4c.(1), Action Item

**Prepared By:** René Fletcher, Chief  
Division of Right of Way and Land Surveys

**Subject:** **AIRSPACE LEASE - REQUEST TO DIRECTLY NEGOTIATE**

### **ISSUE:**

Should the California Transportation Commission (Commission) approve a request by the California Department of Transportation (Department) to directly negotiate the following long-term leases?

### **RECOMMENDATION:**

The California Department of Transportation recommends the Commission authorize direct negotiations of the Airspace Leases summarized below. The rental of airspace in State-owned real property is pursuant to Section 104.12 of the Streets and Highways Code.

**AIRSPACE LEASES:**

**01**-04-ALA-238

Freeway Lease Area (FLA) 04-ALA-238-5001

Lease to: Nibbi Bros. Associates, Inc.

Alameda County

Tower Crane

The 33435 Mission Blvd project located in the City of Hayward is an 81-unit affordable residential dwelling building. This building will have apartment units as well as townhomes. Construction is scheduled to begin in winter of 2026-27. The tower crane is expected to remain in place for approximately five months.

The project will require the erection of a tower crane with a 213-foot jib that will rotate over State Route (SR) 238. There is no other feasible alternative crane placement. There is no competitive use of the airspace for a tower crane encroachment, and therefore this use must be directly negotiated.

Accommodating the tower crane encroachment enables the construction of 81 residential units, advancing the State's housing policies to increase housing supply and address the severe housing shortage.

**02**-04-SCL-82

FLA 04-SCL-082-5001

Lease to: L.P. Construction Co., Inc.

Santa Clara County

Tower Crane

The Altos One project is located at 4848 El Camino Real in the City of Los Altos. This is a 52-unit multifamily residential building composed of 5 stories above grade and a 2-level sub-grade garage. Construction is scheduled to be completed in late 2027.

The project will require the erection of a large tower crane within the adjoining private property with a 133-foot jib that will rotate over SR 82. There is no competitive use of the airspace for a tower crane encroachment and therefore this use must be directly negotiated.

Accommodating the tower crane encroachment enables the construction of 52 residential units, advancing the State's housing policies to increase housing supply and address the severe housing shortage.

**03-04-SF-101**

Freeway Lease Area (FLA) 04-SF-101-5019

Lease to: 10 SVN, LLC

Previous Request to Directly Negotiate Approved: May 15, 2026 for Crescent Heights

City and County of San Francisco  
Tieback

On May 15, 2026 the Commission approved the Department to directly negotiate with the entity named Crescent Heights for the 10 South Vanes Avenue Project. The project is a major mixed-use residential development located at the intersection of Market Street and South Van Ness Avenue, and requires an estimated 158 tieback rods that will encroach into Highway 101 at South Van Ness Avenue. The 800-foot tower will be the fourth tallest building in San Francisco and will include 849 residential units along with two underground levels for parking and building services. Construction is expected to commence in Quarter 1 (Q1) of 2027.

Crescent Heights became aware of the naming requirement for the Commission after negotiations had commenced. Crescent Heights is a registered service mark representing a group of affiliated companies and partnerships that develop a portfolio of separately structured real estate projects, of which 10 SVN, LLC is a part. Each affiliated company and partnership develops their projects independently. The 10 South Van Ness project is owned and being developed by 10 SVN, LLC. The project has not been sold or transferred to an unrelated party, and there has been no substantive change in the project, development team, proposed encroachment, or use of the State right of way.

There is no competitive use of the right of way for tieback rod encroachment and therefore this use must be directly negotiated.

Accommodating the tieback encroachment maximizes the number of residential units that can be constructed, which advances the State's housing policies that seek to substantially increase housing supply to address the severe housing shortage.

**04-04-SF-101**

FLA 04-SF-101-5020

Lease to: 10 SVN, LLC

Previous Request to Directly Negotiate Approved: May 15, 2026 for Crescent Heights

City and County of San Francisco  
Tower Crane

On May 15, 2026 the Commission approved the Department to directly negotiate with the entity named Crescent Heights for the 10 South Vanes Avenue Project. The project is a major mixed-use residential development located at the intersection of Market Street and South Van Ness Avenue, and requires the erection of a large tower crane within the adjoining private property with a 243-foot jib that will rotate over Highway 101 at South Van Ness Avenue. The 800-foot tower will be the fourth tallest building in San Francisco and will include 849 residential units along with two underground levels for parking and building services. Construction is expected to commence in Q1 of 2027.

Crescent Heights became aware of the naming requirement for the Commission after negotiations had commenced. Crescent Heights is a registered service mark representing a

group of affiliated companies and partnerships that develop a portfolio of separately structured real estate projects, of which 10 SVN, LLC is a part. Each affiliated company and partnership develops their projects independently. The 10 South Van Ness project is owned and being developed by 10 SVN, LLC. The project has not been sold or transferred to an unrelated party, and there has been no substantive change in the project, development team, proposed encroachment, or use of the State right of way.

There is no competitive use of the airspace for a tower crane encroachment, and therefore this use must be directly negotiated.

Accommodating the tower crane encroachment supports construction of the proposed development, which advances the State's housing policies that seek to substantially increase housing supply to address the severe housing shortage.

**05-04-SM-84**  
FLA 04-SMX-084-5001

San Mateo County  
Tower Crane

Lease to: Menlo Park Hotel Group, LLC, dba Moxy Hotel Menlo Park

The Moxy Hotel project is a new construction hotel located at 3723 Haven Avenue in the city of Menlo Park. The 163-room hotel will have a 2-story above ground garage with a ground floor coffee shop. Hotel construction began in May 2026 and will take 22 months to complete.

The project will require the erection of a large tower crane within the adjoining private property with a 148-foot jib that will rotate over SR 84 (Marsh Road). There is no competitive use of the airspace for a tower crane encroachment and therefore this use must be directly negotiated.

Accommodating the tower crane encroachment enables the construction of 163 hotel rooms, which is expected to provide a community benefit.

**06-11-SD-163**  
FLA 11-SDX-163-0008

San Diego County  
Landlocked

Lease to: HPI Frazee, LLC

HPI Frazee, LLC is the current tenant of airspace parcel SDX163-0008-02, located adjacent to its commercial office property at 1450 Frazee Road, San Diego. The landlocked airspace site lies between the northbound SR 163 onramp and the lessee's parking lot, and can only be accessed through the lessee's private property.

The parcel is approximately 7,840 square feet (SF) and is improved with pavement, curbs, striping, and landscaping. It has no utility to any party other than the current/proposed lessee due to lack of access.

Direct negotiation is in the State's best interest because the site is only usable by the lessee. A direct lease at fair market rent provides revenue and reduces the State's maintenance responsibilities.

**07**-11-SD-15  
FLA 11-SD-15-0005

San Diego County  
Landlocked

Lease to: Envision Escondido Auto, LLC

The airspace site is landlocked and located on the top of an incline behind a Mercedes-Benz Automobile Dealership located at 1101 West 9th Ave in the city of Escondido and Interstate 15 (I-15). The airspace site is only accessible via the auto dealership's private property.

The owner of the auto dealership is the current lessee. The airspace site is 12,388 SF and is improved with pavement, curbs, fencing, lighting, and a flagpole.

Direct negotiation is in the State's best interest because the site is only usable by the lessee. A direct lease at fair market rent provides revenue and reduces the State's maintenance responsibilities.

**08**-12-ORA-405  
FLA 12-ORA-405-5001

Orange County  
Tower Crane

Lease to: Holland Construction, Inc.

The Magnolia & Warner project is a major mixed-use residential development located at 16800 Magnolia Street in the city of Fountain Valley. The project consists of two 7-story mixed-use buildings that will include 657 apartment units and ground-level retail. Construction is expected to commence on February 8, 2027, and the tower crane is expected to be in place for 18 months.

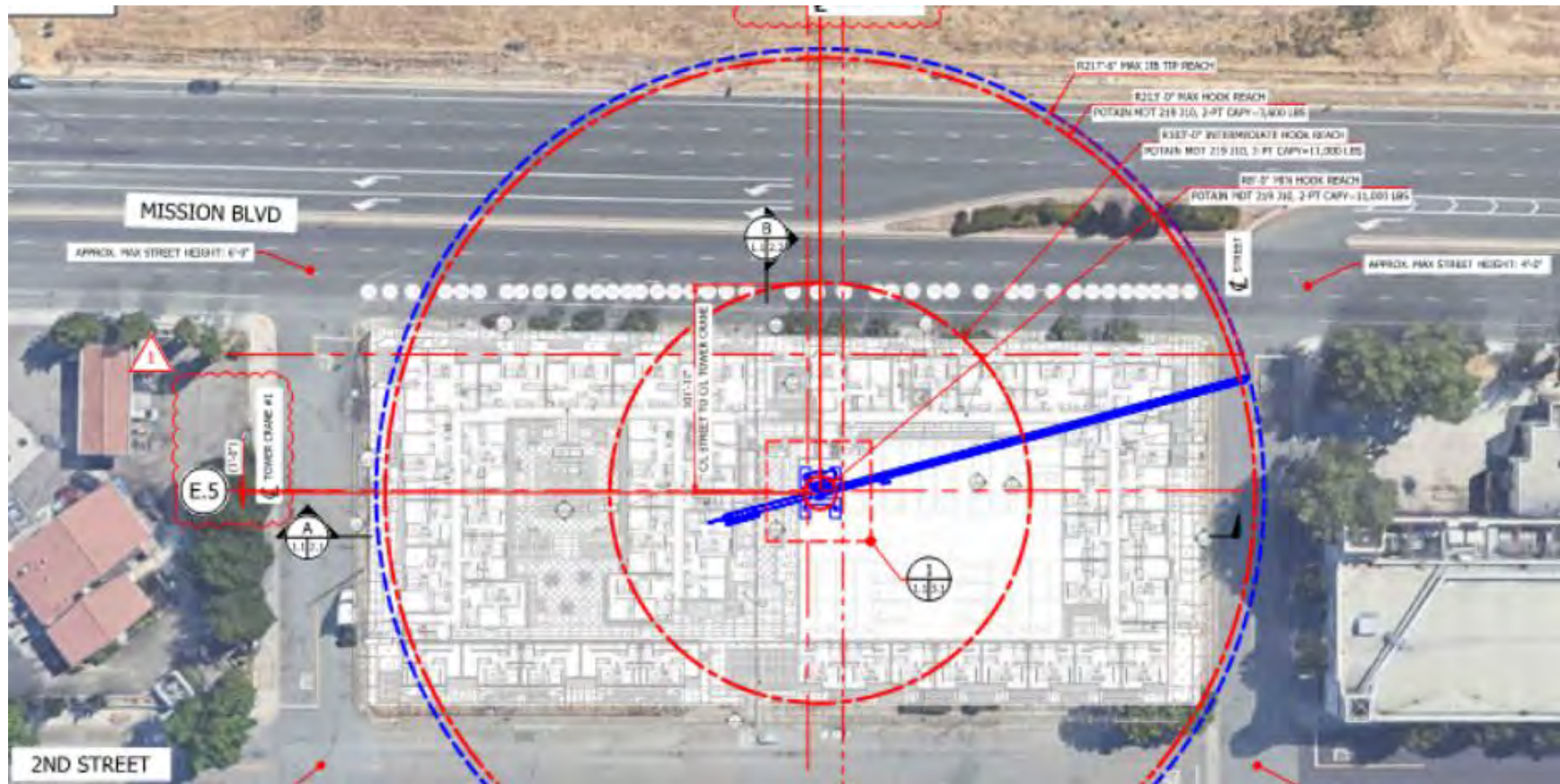
The project will require the erection of a tower crane on the adjoining private property with a 241-foot jib that will swing over I-405. There is no competitive use of the airspace for a tower crane encroachment, and therefore this use must be directly negotiated.

Accommodating the tower crane encroachment enables the construction of 657 residential units, advancing the State's housing policies to increase housing supply and address the severe housing shortage.

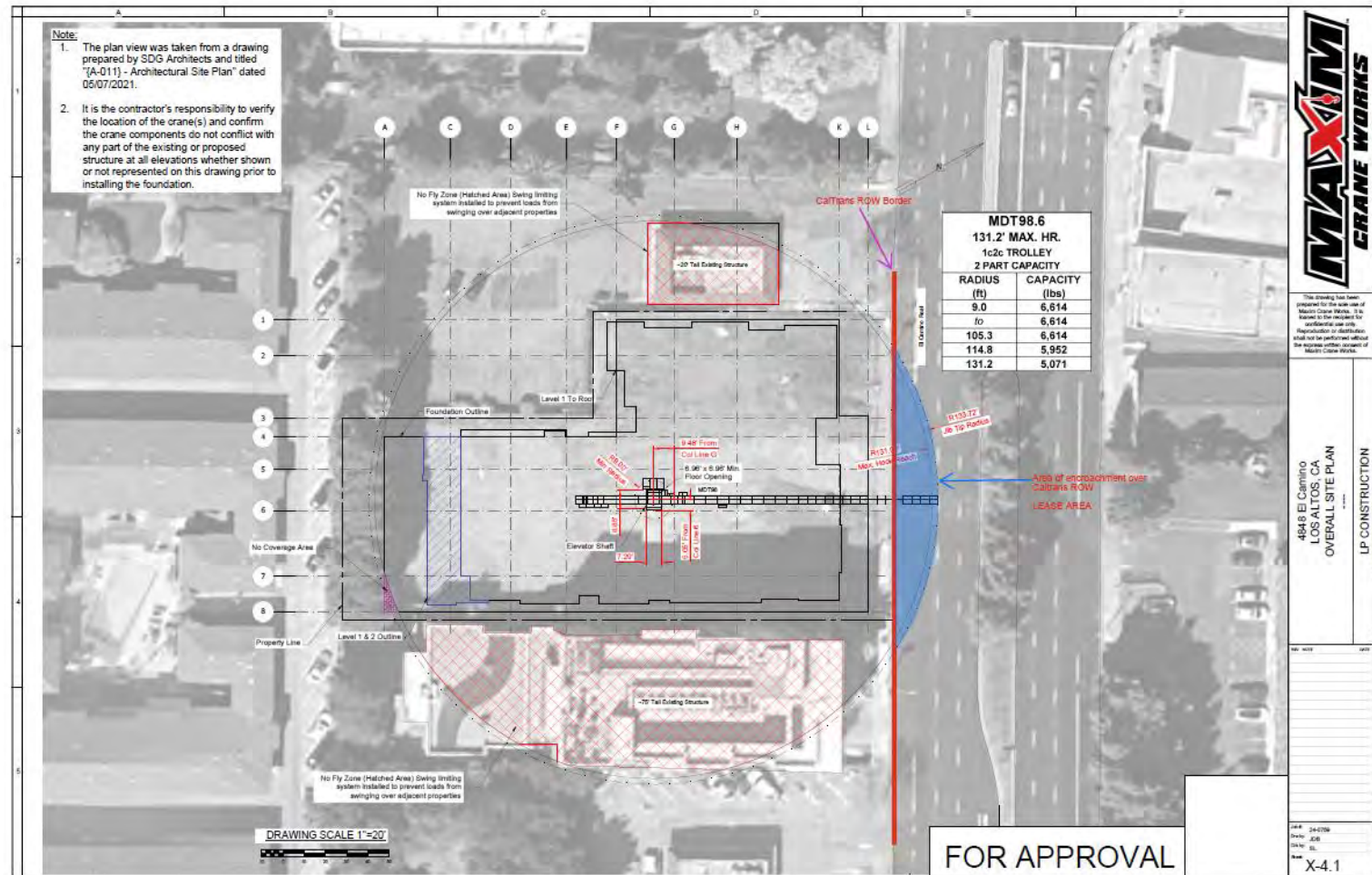
Attachments:

Exhibits 1A - 8A Maps and Photos

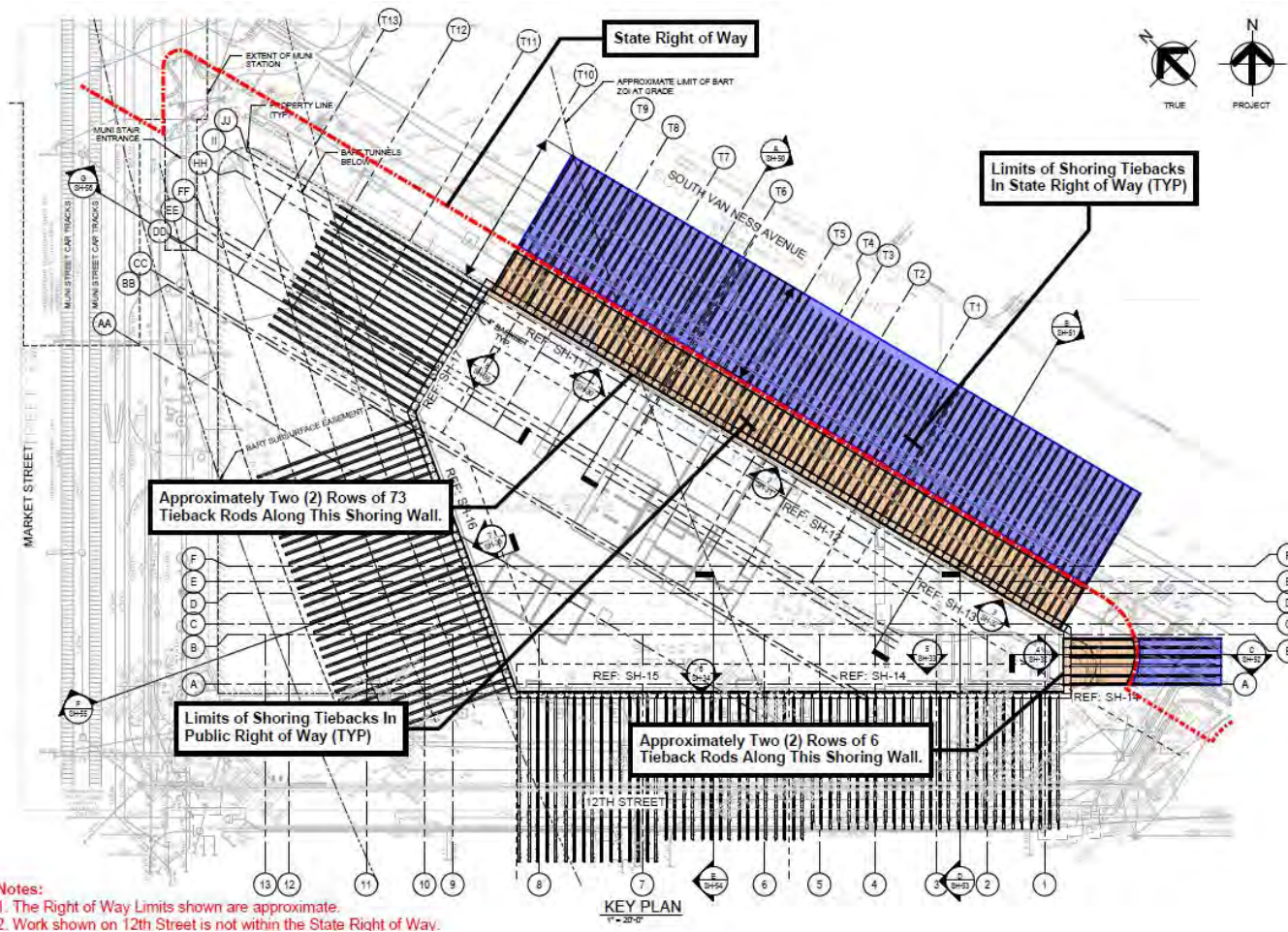
# Tower crane encroachment radius plan sheet FLA ALA-238-5001



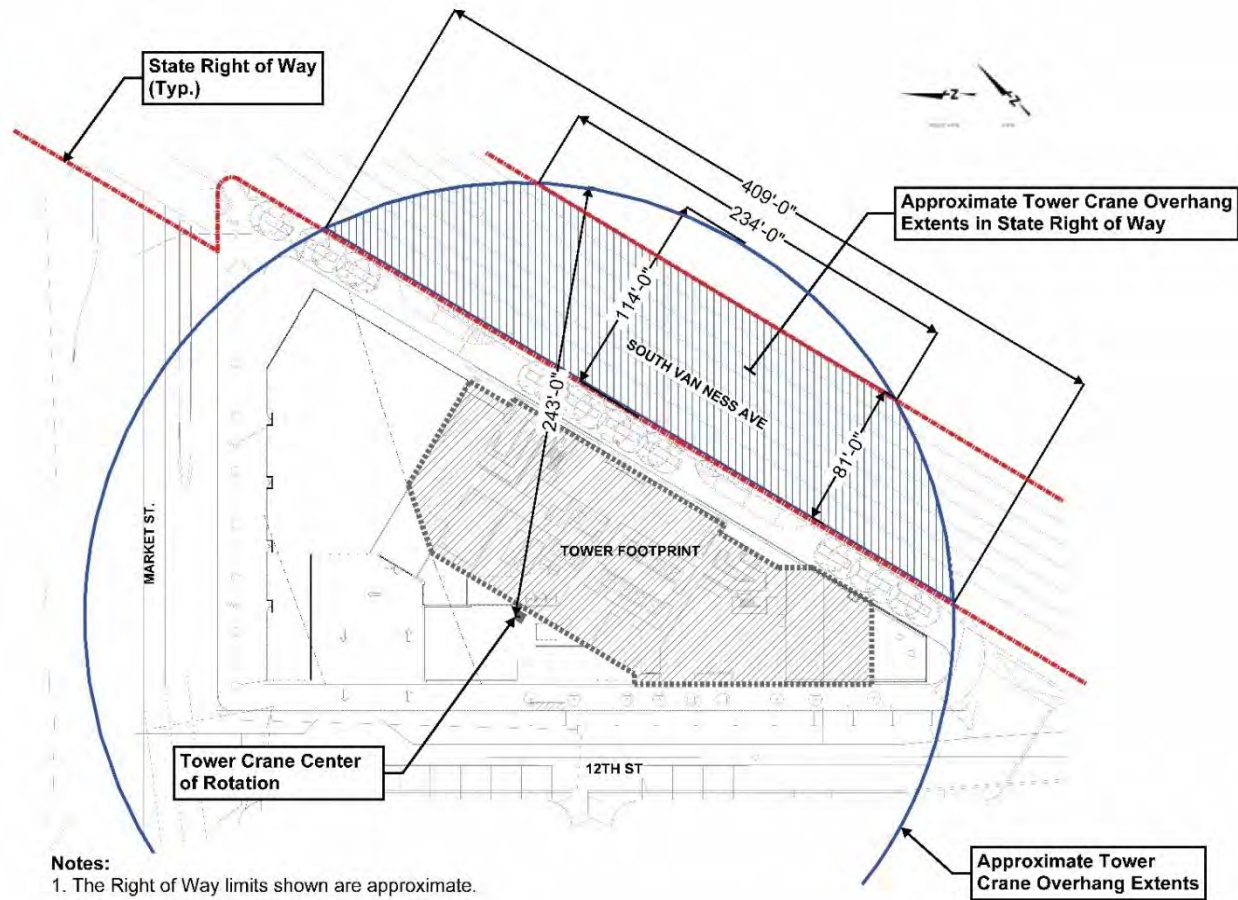
# Tower crane encroachment radius plan sheet FLA SCL-082-5001



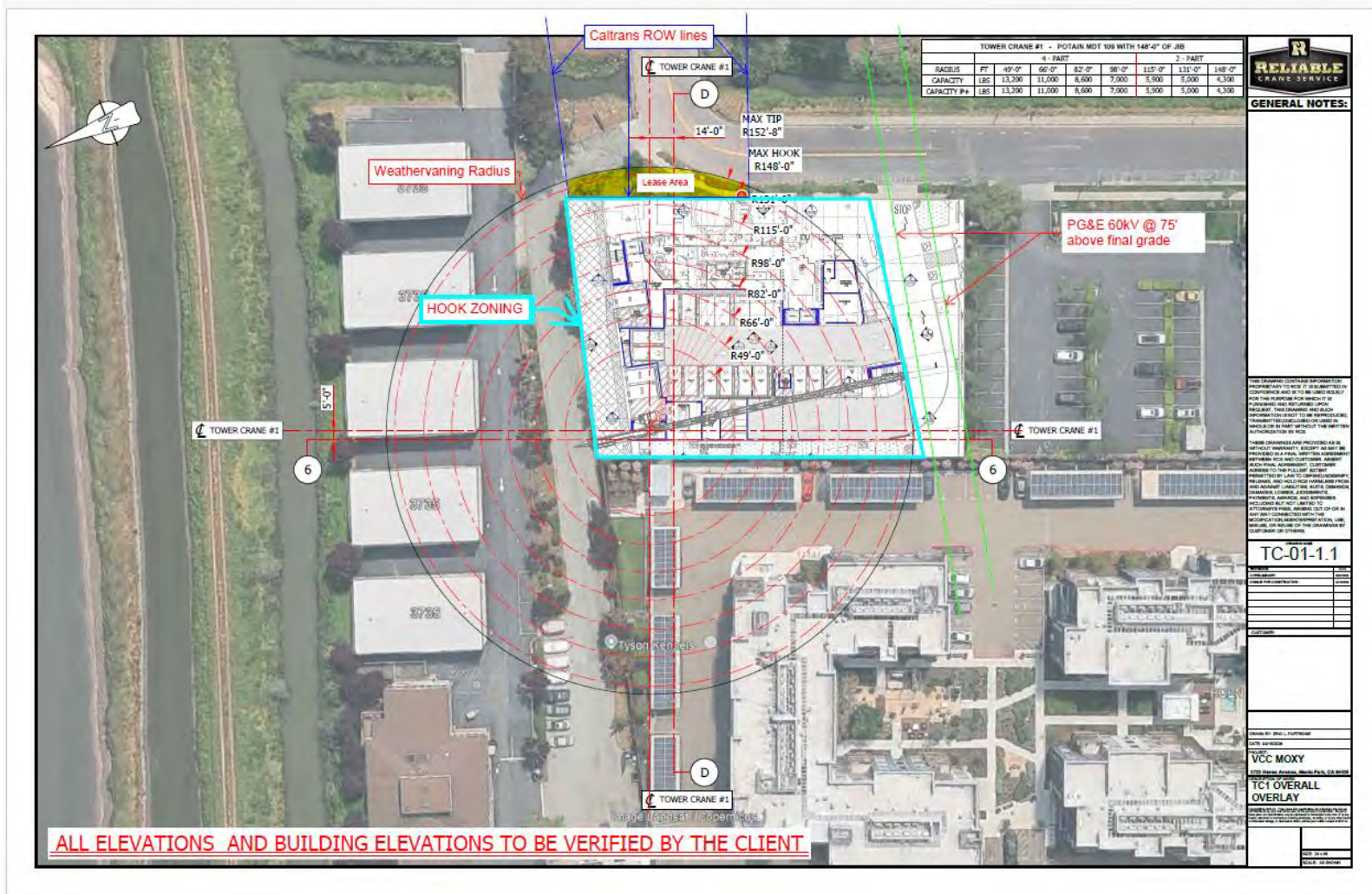
## Visual of Tieback Placements for FLA SF-101-5019



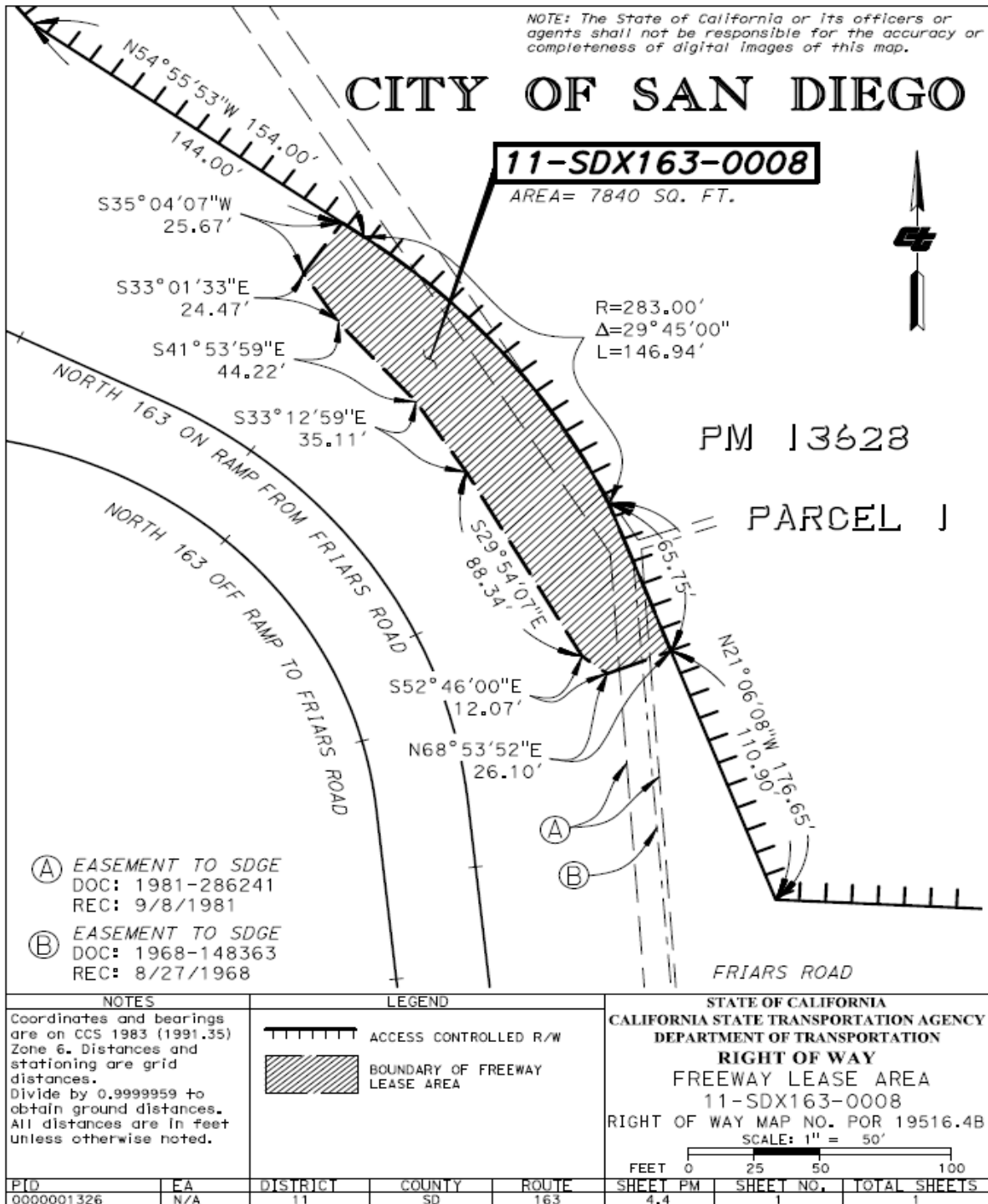
## Visual of Tower Crane Jib Rotation for FLA SF-101-5020



# Tower crane encroachment radius plan sheet FLA SMX-084-5001



FLA Map 11-SDX-163-0008



**Aerial Image of FLA 11-SDX-163-0008**

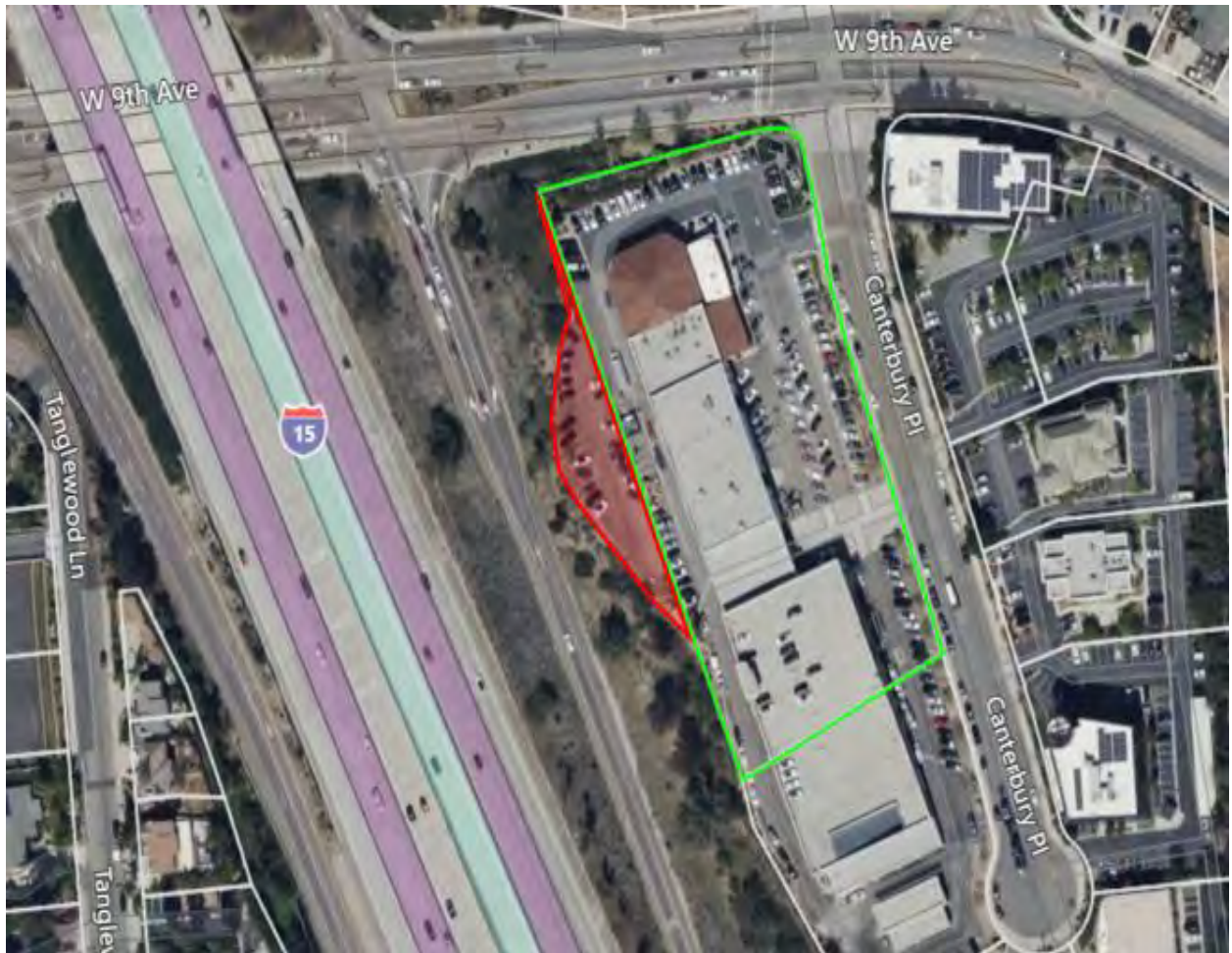


Site Image of FLA 11-SDX-163-0008





Aerial image of FLA 11-SD-15-0005



Site image of FLA 11-SD-15-0005



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