

Schlage Lock

10 years of litigation end with transfer

San Francisco Business Times - by [J.K. Dineen](#)

It took 10 years of litigation, but 2008 was the year **Universal Paragon Corp.** finally gained possession of the Schlage Lock site.

In a land transfer that will eventually lead to a huge investment in Visitacion Valley, one of San Francisco's most depressed neighborhoods, Schlage Lock owner **Ingersoll Rand** and developer UPC reached an environmental cleanup agreement that settled a long-running dispute and paved the way for 1,200 housing units on former industrial land near the San Francisco/Brisbane border.

In exchange for the 12.3 acres, UPC agreed to pay for most of the \$25 million cleanup of the property, which contains hazardous chemicals used for decades in the manufacturing of metal locks at the site. Ingersoll Rand, which acquired Schlage in 1974, will pay \$6 million of that cost.

In addition to 1,250 units of housing, the plan calls for 105,000 square feet of retail, including a grocery store. It also includes a large park and the restoration of the historic Schlage Lock headquarters.

"It's a fantastic opportunity for the property, which has been standing unused for 10 years, to get a new lease on life," said Universal Paragon General Manager Steven Hanson.

UPC, which owns a six-acre former Southern Pacific rail yard next to the Schlage land, also dropped a 10-year-old groundwater contamination lawsuit against Ingersoll Rand. UPC has already spent more than \$10 million on Department of Toxic Substances Control-mandated cleanup on the Southern Pacific land. The DTSC will oversee the cleanup of the Schlage property.

"Our company has been cleaning up a mess we didn't create for many years, and at great cost," said Jonathan Scharfman, development director for UPC said at the time of the agreement.

The cleanup will take 18 months and demolition of the old Schlage factory could start as early as this month, said Hanson.

With two T-Third Muni stops on the site, and a Caltrain station within walking distance, the Schlage site is ideal for the sort of transit-oriented housing that city planners have been pushing for years, Hanson said.

Hanson credited the Visitacion Valley residents for playing a key role in the project. In 2000, Ingersoll Rand proposed replacing the factory with a **Home Depot**, but the neighborhood fought it, arguing the land was more suitable for housing, smaller retail and open space.

"They didn't want big box retail there," Hanson said.

The redevelopment plan has been approved by the Redevelopment Agency and will go to the Board of Supervisors this year. Development could start as soon as the state Department of Toxic Substances Control signs off on suitability for residential development.

"This project will be a great economic rebound for Visitacion Valley and a catalyst for further economic vitality in an area that really needs it," said Hanson. "It's not going to be necessarily easy, but it will be a very positive opportunity for the neighborhood."

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Location: 2401 Bayshore Blvd, San Francisco.

Size: Entire site is 20 acres.

Value: \$25 million for clean up in exchange for 12.3 acres.

Completion date: May 30, 2008.

Developer: Universal Paragon Corp.

Law firm: David Cincotta of Jeffer, Mangel, Butler & Marmaro; Stuart Block of Cox Castle & Nicholson.

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