



**DATE:** March 5, 2018

**TO:** Council Economic Development Committee

**FROM:** Economic Development Manager

**SUBJECT:** City of Hayward Owned Properties – Affordable Housing Development

## **RECOMMENDATION**

That the Committee reviews the report and provides direction for exploration of potential affordable housing development or other prioritization as it relates to City-owned properties.

## **BACKGROUND**

The Bay Area region has been facing a housing shortage crisis for many years that has compounded multiple issues related to housing supply, housing affordability, homelessness, and housing support services. In order to help address the issues as they relate to Hayward, the City has taken on multi-pronged housing strategies, which were presented in a [City Council work session on February 6, 2018](#). As a related item, policy questions have been raised which have focused on development of affordable housing on City owned property. Post dissolution of the Redevelopment Agency, the City has taken an economic development focus on City owned land providing both for market rate housing and economic development projects.

## **DISCUSSION**

In general, the City owned properties fall into three categories:

- 1) **City Operational Properties** – Properties that provide public function for operations of the City. These would include City Hall, parking facilities, city owned parks/ open space, utility properties, airport properties, and police and fire stations.
- 2) **City Excess Properties** – Properties that were acquired through the years from direct sale, land grant or as part of an infrastructure improvement project which now have limited public purpose and could be sold.
- 3) **Economic Development Properties** – Properties that were acquired for economic development purposes through strategic purchases to spur economic development and generate income.

**Category 1- City Operation and Category 2- City Excess:**

In respects to Category 1 and 2 sites as identified above, over the past three years, the City has been very active in the disposition and/or development of City properties focused on economic development. Current and future projects include:

**Current:**

- A Street and Hesperian - Airport Hotels (lease)
- 2<sup>nd</sup> and Walpert – Market Rate Housing Subdivision
- North East Corner of Mission and Carlos Bee
- City Center (EDSP Catalyst Site)

**Future:**

- Former California Air National Guard Site (lease) – Hayward Airport (EDSP Catalyst Site)

The remaining developable City owned properties are smaller in-fill sites that could accommodate some level of development including affordable housing where the City could look to sell or develop (See Exhibit 3). Highlighting the list are two medium density project sites:

- 1) Main/Hazel Street Site – Two parcels with a combined 21,553 square feet. Site currently used as community garden.
- 2) Grand Site – Three parcels with a combined 18,000 square feet. Site currently vacant, but an odd shape.

**Category 3- Economic Development:**

With respect to the Economic Development Properties, the City Council elected to acquire the properties with the purpose to assemble, provide a level of vision/entitlements and sell them for a maximized profit. The properties are subject to the City's Affordable Housing Ordinance and would provide on-site affordable housing or pay fees for development of affordable housing. There could be additional requirements associated with affordable housing placed on the properties, but it would impact the desired maximized profit.

The recently acquired Caltrans route [238 properties](#) off of Foothill and Mission and the corner North East Corner of C and Main Street were strategic purchases with the intent to spur economic development. The 238 properties have a specific timeframe and scheduled activity and a presentation of activity was reported to the [CEDC on October 16, 2017.](#)

As outlined above, the City has been very active in the development of City owned properties, with the focus on economic development as some City owned sites have been identified as Catalyst sites. This is an opportunity for the CEDC to revisit the City property development approach and provide feedback if some City owned properties should be refocused to affordable housing or housing support services or if staff should continue the existing approach which is focused on economic development.

*CEDC Requested Feedback:*

- 1) Should the City evaluate development of affordable housing on City owned property?  
If so, what would be the desired housing yield threshold?
- 2) Should the City evaluate City owned properties for interim housing? Time limited temporary housing units?
- 3) Should the City evaluate City owned properties for housing support services?  
Homeless time limited property storage?
- 4) Are there properties with a higher priority for disposition than others that staff should focus on?

## **ECONOMIC/ FISCAL IMPACT**

Since this is still in the preliminary phase, economic and fiscal impacts have not been determined. Depending on CEDC and ultimately City Council direction, impacts related to staffing and project prioritization would be anticipated. Detailed cost analysis and potential fiscal impacts would be provided once a project is identified and presented for Council approval.

## **STRATEGIC INITIATIVES**

The purpose of the Complete Communities initiative is to create and support structures, services and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work and play for all. If an affordable housing project were to move forward, it would support the following goal and objectives:

- Goal 2: Provide a mix of housing stock for all Hayward residents and community members, including the expansion of affordable housing opportunities and resources.
- Objective 2.b. Facilitate the development of diverse housing types that serve the needs of all populations.
- Objective 2.d. Increase supply of affordable, safe and resilient housing in Hayward.

## **NEXT STEPS**

Depending on CEDC direction, staff will prepare additional information and analysis on development of affordable housing/ housing support services on City properties or other action as requested by the CEDC.

*Prepared by:* Micah Hinkle, Economic Development Manager

*Recommended by:* Maria Hurtado, Assistant City Manager

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', is written over a horizontal line.

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Kelly McAdoo, City Manager