



DATE: June 3, 2019
TO: Council Economic Development Committee
FROM: Deputy City Manager
SUBJECT: Route 238 Corridor Lands Development—Parcel Group 5: Bunker Hill
Review of Draft Master Development Plan and Draft Request for Proposals

RECOMMENDATION

That the Council Economic Development Committee reviews and comments on the Draft Parcel Group 5 Master Development Plan (Attachment II) and draft Request for Proposals (Attachment III).

SUMMARY

The City entered into a Purchase and Sale Agreement with the California Department of Transportation (Caltrans) in January 2016 to manage the disposition and development of former right of way for the now defunct Route 238 Bypass. This land is divided into 10 parcel groups and must be disposed of by 2022. This report covers Parcel Group 5: Bunker Hill.

Over the last year, the City has been working with the community to develop a vision and plan for the reintegration of Parcel Groups 5, 6, 8 and 9 back into the City. The remaining Parcel Groups 2, 3, 4 and 7 are under exclusive negotiation agreements with developers with plans being vetted with the community by the developers through the City's standard planning process. For Parcel Group 5, the culmination of these efforts will be a draft Master Development Plan, and draft Request for Proposals to be released upon full City Council approval anticipated for July 2019.

BACKGROUND

Route 238 Corridor Lands Development

In the mid-1960s, Caltrans purchased more than 400 parcels of property for the construction of a 14-mile Route 238 Corridor Bypass Freeway to run through the City of Hayward and parts of unincorporated Alameda County. In 1971, a lawsuit, filed in federal court on behalf of residents to be displaced by the freeway construction, blocked the project. Caltrans subsequently abandoned the freeway plan. In 1982, state legislation was passed to allow Hayward and other local jurisdictions—working through the Alameda County Transportation Authority—to develop alternative strategies for relieving traffic congestion in Central

Alameda County. The legislation called for these Local Alternative Transportation Improvement Program (LATIP) projects to be funded from proceeds from the sale of properties that had been accumulated by Caltrans for the Route 238 Bypass Freeway.

In 2009, then Governor Arnold Schwarzenegger directed Caltrans to sell all property not needed for existing LATIP projects. Following this, Caltrans began to individually auction off these properties with the sole purpose of disposing of the land, without any larger land use considerations. To ensure the productive development of this land in a manner that maximizes land value while balances the desires of the surrounding neighborhood and larger community, the City entered into a Purchase and Sale Agreement (agreement) in 2016 with Caltrans to manage the disposition and development of these properties. This agreement divides the properties into 10 parcel groups, which must be disposed of by 2022. Table 1 below provides the current status of these parcel groups.

Table 1: Current Status of 238 Parcel Groups

Parcel Group	Status	Entity	Est. Disposition Timeline
1 & 10	Sold	William Lyon Homes (SOHAY)	August 2018
2	Under Negotiation	The True Life Companies (Mirza)	Fall 2019
3	Under Negotiation	Eden Housing and The Pacific Companies	Spring 2020
4	Under Negotiation	Eden Housing and The Pacific Companies	Spring 2020
5	Master Development Planning	City of Hayward	Fall 2020
6	Master Development Planning	City of Hayward	Fall 2020
7	Under Negotiation	One Subaru of Hayward	Winter 2019
8	Master Development Planning	City of Hayward	2021
9	Master Development Planning	City of Hayward	Spring 2020

Program Goals

The 238 Corridor Lands Development Project provides a one-time opportunity to reintegrate these lands into the City of Hayward, providing for new housing at all income levels, commercial development, open space, and trails.

The four overarching goals of this community driven project are to:

- GOAL 1: Facilitate the cohesive, productive development of land driven by community vision;
- GOAL 2: Eliminate neighborhood blight;
- GOAL 3: Negotiate real estate transactions at no net cost to the City;

- GOAL 4: Generate funding for key public benefits like open space, city-wide trails, affordable housing, public transportation, and other city priorities through on-site development requirements and sales.

Parcel Group 5: Bunker Hill

For more than a half century, Caltrans owned and maintained Parcel Group 5, which encompasses Maitland Drive, Bunker Hill Blvd., Bunker Hill Court, and a portion of Central Blvd. The roughly 37-acre Parcel Group 5 is bounded by the Westview Drive neighborhood to the west, CSU East Bay to the east, Carlos Bee Blvd. to the north, and Harder Road to the south.

Parcel Group 5 included 32 structures of which 24 were filled with residential tenants. Since 2009, these tenants have had the opportunity to take advantage of tenant transfer programs such as the Lump Sum Stipend (LSS), Opportunity to Purchase a Home Program (OPHP) and most recently the Tenant Transfer Assistance Program (TTAP), all of which provided monetary benefits to assist the tenants in finding new housing. All tenants will be fully vacated by July 2019. The City began the demolition of these units earlier this year and have demolished 9 units to date. Demolition of the remaining units are anticipated to be complete by late summer

DISCUSSION

Existing Conditions

Located in the Hayward foothills, Parcel Group 5 is marked by steep terrain with grades ranging from 8% to over 45%. This topography limits the overall developable space. The roads are in very poor condition and do not meet city standards, lacking adequate curb, gutter, sidewalk, and lighting. Parcel Group 5 is accessible by vehicle only through Central Blvd./Westview Way. City sewer does not service a majority of Bunker Hill Blvd and Bunker Hill Court.

The current General Plan designates all of Parcel Group 5 as Suburban Density Residential (SDR). The current zoning for the site is Residential Natural Preserve (RNP) and includes the Special District 7 (SD-7) overlay for the Hayward Foothill Trail. This zoning provides for 20,000 square foot minimum lot sizes and a 30% maximum lot coverage ratio.

The site is rural in nature and includes riparian corridors to the northwest and southwest, which provide habitat for wildlife that populate and meander throughout Parcel Group 5.

Master Development Planning Process

In 2017, the City contracted with urban design firm DesignWorkshop to develop Master Development Plans and associated environmental review documentation for several parcel groups including Parcel Group 5. As a part of this contract, DesignWorkshop and their subcontractors conducted site specific analyses and assisted the City in developing a community driven vision for the future development. The product of this work is a Master Development Plan for Parcel Group 5 (Attachment II), which captures the proposed vision for

Parcel Group 5 and articulates the development standards and public benefits this future development shall provide.

Public Outreach

For this parcel, staff held two neighborhood meetings in addition to a community-wide meeting on the Route 238 Corridor Lands Development project. In addition to these meetings, staff has met with several neighborhood members to garner additional feedback.

The feedback from these meetings have been consistent, revolving around the following issues:

1. Maintaining the existing Residential Natural Preserve Zoning, specifically:
 - a. 20,000 sq. ft. minimum lot sizes and,
 - b. 30% maximum lot coverage ratio.
2. Constructing new public amenities like the Foothill Trail.
3. Preserving open space for wildlife.
4. Providing adequate on and off-street parking for residents and guests.
5. Minimizing traffic impacts on surrounding neighborhoods.
6. Constructing additional site access for construction activities and new vehicular access for the final development via an extension of Bunker Hill Blvd. to Carlos Bee Blvd.

The Master Development Plan seeks to balance this feedback with the larger community-wide calls to develop housing in response to the current housing crisis.

Master Development Plan

The Master Development Plan outlines the proposed vision for the redevelopment of Parcel Group 5, which is consistent with many of the comments and requests made by the community and surrounding neighborhood. This section briefly summarizes four main aspects of this vision. Further discussion can be found in the draft Master Development Plan (Attachment II).

1. Trails and Open Space

The Master Development Plan contemplates preserving over 10 acres of dedicated open space located in the riparian corridors at the northern and southern portions of the parcel. In addition to this, the site would include approximately 3,000 linear feet of the Hayward Foothill Trail along the eastern boundary of the site, connecting to the CSUEB campus as well as other segments of the trail. This 16-foot wide bike and pedestrian trail would be built in accordance with the Special District 7 Overlay (SD-7).

2. On-Site Pedestrian and Vehicular Circulation Improvements

Paramount to development of Parcel Group 5 are access and mobility improvements that provide roadways that can accommodate the new development while increasing access for emergency vehicles and reducing traffic impacts on existing neighborhoods. All roadways within Parcel Group 5 will be improved to current City standards and will include wider drive lanes, rolled curbs, public parking, landscaping, and sidewalks. The new development will extend Bunker Hill Blvd to Carlos Bee Blvd., creating a new intersection approximately 200 feet from the existing Tanglewood intersection upon

acquiring the rights for a small parcel currently owned by CSU East Bay. Right-turn pockets would be installed on Bunker Hill Blvd. and Carlos Bee Blvd. to improve access.

3. Development Parameters

The development of Parcel Group 5 shall use its varying topography to its advantage, providing unprecedented bay views and access to open space. The future development will meet the surrounding community's desire to maintain a rural character marked by hillside open space that invites and retains existing wildlife and provides a level of seclusion away from the congested atmosphere of the Bay Area. Multiple wildlife corridors will be preserved within the neighborhood.

The Master Development Plan sets a maximum unit count of 76 plus eight deed restricted accessory dwelling units (ADUs) to satisfy the City's Affordable Housing Ordinance (AHO). In order to accomplish this, the City will entertain a rezone of Parcel Group 5 to allow for any lot configuration that achieves a 10,000 square foot average lot size and 30% to 40% maximum lot coverage ratio. The development will also need to provide two east to west open space corridors to accommodate existing wildlife access between Bunker Hill Blvd. and Maitland Drive.

4. Infrastructure Improvements

The existing infrastructure systems of Parcel Group 5 are inadequate and non-existent in certain portions of Parcel Group 5. The future development will be required to upgrade all infrastructure systems including water, sewer, storm drain, and gas. All electric and communication utilities including fiber-optic cabling will be installed in a joint trench within the upgraded roadways.

Request for Proposals

Following the approval of the Master Development Plan and a Request for Proposals (RFP) (Attachment III), City staff will issue the RFP to select a developer to execute the proposed vision for development of Parcel Group 5.

The City is the landowner of the parcel and therefore has the ability to set the explicit expectations for the future developer. The Master Development Plan provides some context for these expectations; however, the RFP further outlines the specific development parameters a developer must meet. This section briefly summarizes these parameters.

1. 238 Foothill Trail and Parkland Dedication Requirements

Developers will be responsible for constructing the 16-foot wide Hayward Foothill Trail throughout the parcel. The specific location of the trail will require approval by the City and the Hayward Area Recreation and Park District (HARD). The developer will also need to establish a Landscape and Lighting District or other property-based financing mechanism to fund ongoing maintenance of the trail. In addition to this, the developer may have to meet additional Parkland Dedication Requirements.

2. Affordable Housing Requirements

Developers will have limited options to satisfy the City's AHO requirements.

The first and preferred option is for the developer to construct deed restricted accessory dwelling units (ADUs) in an amount equal to 10% of their total unit count in addition to paying 50% Affordable Housing In-lieu fee rate on the remaining 90% of their total unit count.

The second option is for the Developer to propose an alternative that meets or exceeds the thresholds of the first option.

3. Green Development

The selected developer will be required to incorporate green building and landscaping elements in their proposed project that reduce the use of energy, water, and natural resources.

4. Transportation Demand Management

The selected developer will be required to develop a Transportation Demand Management program that reduces vehicle miles traveled (VMT) and encourages residents to utilize alternative modes of transportation outside of single occupancy vehicles.

5. Hayward Resident Priority Preference Plan

Consistent with Councilmember Wahab's recent referral, prospective developers related to development of the remaining 238 properties will be asked to include in their proposals a Hayward Resident Priority Preference Plan for including a priority preference for Hayward residents to purchase or lease market rate units in instances where all other financial considerations are equal, if possible. The Hayward Resident Priority Preference Plan for the leasing and sale of market rate housing units in their development must be pursuant to applicable state and federal Fair Housing laws and state any impact of this program on purchase price.

In addition to submitting conceptual plans that meet these requirements and the development vision of the Master Development Plan, prospective developers will need to provide information regarding their qualifications and experience, financial capacity, preliminary financing plan, pro forma analysis, purchase offer, and anticipated schedule of performance.

RFP Process Timeline

Responses to the RFP are tentatively due in September of this year. Following review of the applications, staff will internally rank the proposals and invite finalists to take part in interview panels consisting of staff and community members. The recommended finalist will be brought to the City Council for approval and authorization to enter into an Exclusive Negotiation Agreement (ENA).

Following this, the City will enter into an ENA for a 9-month period to negotiate a Disposition and Development Agreement (DDA). The Developer will be required to obtain concurrent approval of the DDA with the project's site plan and TDM Plan. Tentative Map and zoning amendment approvals may take place after DDA approval but prior to closing at a date negotiated in the DDA. The City has no obligations to approve the DDA, site plan, TDM Plan, zoning amendment, or Tentative Map.

ECONOMIC IMPACT

No property taxes are currently being paid on this parcel group. The redevelopment of the parcel will return it to the tax rolls, provide an opportunity for new residential development needed to address the goals of the Housing Element, and provide new commercial development opportunities.

The sale of the parcel groups will be made pursuant to SB 470, which allows cities to sell public land for private development if the sale creates economic opportunity. Economic opportunity includes the creation and retention of jobs, increasing property tax revenues to all taxing entities, creation of affordable housing, implementation of a sustainable communities strategy, and implementation of a transit related project. The DDA for the project will need to include one or more of these elements as an obligation and/or outcome of the development.

FISCAL IMPACT

The estimated amount of new tax revenue to be generated will be calculated at the time a development proposal is selected for negotiations.

STRATEGIC INITIATIVES

This agenda item supports the Complete Communities Strategic Initiative. The purpose of the Complete Communities strategic 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. This item supports the following goals:

- Goal 1: Improve the quality of life for residents, business owners, and community members in all Hayward Neighborhoods
- Goal 2: Provide a mix of housing stock for all Hayward residents and community members, including the expansion of affordable housing opportunities and resources.

NEXT STEPS

Subsequent Actions and Timing

Item	Governing Body	Scheduled Date
Approval of Parcel Group 5 Master Development Plan and General Plan EIR Addendum	Planning Commission	Thursday, June 27, 2019 7:00PM—City Council Chambers
Approval of Parcel Group 5 Master Development Plan, General Plan EIR Addendum, Authorization to Release RFP	Hayward City Council	Tuesday, July 9, 2019 7:00PM—City Council Chambers
Authorization to Enter into Exclusive Negotiations Agreement with Selected Developer	Hayward City Council	December 2019
Approval of DDA, Site Plan, and TDM Plan	Planning Commission Hayward City Council	September 2020

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