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December 8, 2016

David Rizk
Director of Development Services
City of Hayward
777 B Street
Hayward, CA 94541

RE: Main & Maple Apartment Development (the "Project")

Assembly Bill 744 (the "Assembly Bill"), Chapter 699 of Government Code Section 69515 and 69515.5 as amended (collectively, the "Government Code Section").

Dear Mr. Rizk:

We hereby respectfully request (1) a density bonus and (2) a parking concession (as described below) under Assembly Bill 744 as referenced above for the Project. This letter explains and summarizes the request.

The Assembly Bill Development Standards Flexibility

Given the California's affordable housing crisis, particularly for Workforce Housing at specific affordability levels, on October 9, 2015 the Governor of California approved the Assembly Bill and the Government Code Section was chaptered by the Secretary of State. This Government Code Section provides for up to three development concessions (please see the statutory citation in the paragraph below entitled Authority for Incentives), and development standard modifications for apartment developments that include a very low income component for working families and individuals at incomes not exceeding 50% of Area Median Income ("AMI").

The Project, located in Hayward, CA, is a 240 unit development consisting of a designation of (i) 20% of the units set aside for very low income families and individuals (the “Affordable Units”) and (ii) 80% unrestricted units, without the need for substantial local government capital or subsidy, set aside for higher income residents whose rents will subsidize the Affordable Units. The Affordable Units will be subject to a California Tax Credit Allocation Committee regulatory agreement and a California Debt Limit Allocation Committee regulatory agreement restricting the Affordable Units to very low-income households at fifty (50%) AMI.

This Government Code Section also provides for a 35% density bonus for apartment developments which provide 20% of units for individuals and families whose incomes do not exceed 50% of AMI.

Authority for Incentives

The authority for incentives or concessions is found in Government Code Section 69515(d)(2), as follows:

- (2) The applicant shall receive the following number of incentives or concessions:
 - (A) One incentive or concession for projects that include at least 10 percent of the total units for lower income households, at least 5 percent for very low income households, or at least 10 percent for persons and families of moderate income in a common interest development.
 - (B) Two incentives or concessions for projects that include at least 20 percent of the total units for lower income households, at least 10 percent for very low income households, or at least 20 percent for persons and families of moderate income in a common interest development.
 - (C) Three incentives or concessions for projects that include at least 30 percent of the total units for lower income households, at least 15 percent for very low income households, or at least 30 percent for persons and families of moderate income in a common interest development.

The Project qualifies for the incentives or concessions under section (C) above. In fact, the proposed affordability exceeds the requirements in section (C) which requires 15% of the units to be Very Low Income units (50% AMI). The Project is requiring 20% of the units to be Very Low Income.

We are submitting an application to the City of Hayward (the "City") to construct 240 apartment units of which 48 apartments units will be occupied by individuals and families with very low incomes and up to three concessions allowable for the Project based upon the above cited authority. The one concession requested is to allow a parking reduction of 17 spaces as the development has ample parking accommodating 504 cars as well as a Parking Management Plan.

Receiving the City's guidance on these provisions is essential to the Project adopting the most collaborative approach with the City. It is our intent to achieve a model project with very high architectural standards, advanced alternative energy applications, and a quality integration of the affordable component. We appreciate the assistance of the City staff and City Council to accomplish these goals.

Sincerely,

A handwritten signature in blue ink, appearing to read "L. Newell".

Lee Newell

President

New Cities Land Company, Inc. /Bay Area Property Developers, LLC