



DATE: May 20, 2025

TO: Mayor and City Council

FROM: Director of Development Services

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute an Agreement with Resources for Community Development in Connection with the State of California Affordable Housing and Sustainable Communities (AHSC) Program; and Finding that the Action is Exempt from CEQA Review.

RECOMMENDATION

That the Council adopts a resolution (Attachment II) authorizing the City Manager to Negotiate and Execute A Non-Applicant agreement with Resources for Community Development or its affiliates in connection with The California Affordable Housing Sustainable Communities notice of funding availability and that certain Disposition Development and Loan Agreement, as amended, between RCD GP IV, LLC and Parcel Group 8, L.P. and finding that the action is exempt from the California Environmental Quality Act.

SUMMARY

On June 28, 2022, the City Council authorized the City Manager to negotiate and execute a Disposition Development and Loan Agreement (DDLA) and related documents, with Resources for Community Development (Developer) for the transfer of the affordable housing segment of Parcel Group 8 to develop new affordable housing and rehabilitate existing units and found the project is consistent with prior California Environmental Quality Act (CEQA) determinations. Since the execution of the DDA, staff and the Developer have been working collaboratively to prepare the site for development and secure financing for the project. The Developer is preparing to submit an application for AHSC fundings due on May 28, 2025 which, if successful, provides financing for the development of affordable housing, rehabilitation of existing housing on Parcel Group 8 and provides financing for transportation improvements and amenities constructed by public agencies. The development of such improvements and amenities by the City will make the Developer's application for AHSC funding meet certain application thresholds and increase its competitiveness. Staff has been working with the developer to identify projects that support a competitive application. If successful, the City would be reimbursed up to \$3 million dollars for the infrastructure improvements surrounding Parcel Group 8. As a non-applicant, the City must enter into a non-applicant agreement with the Developer to demonstrate that it meets the required

experience and to be eligible for the funds. Staff recommends entering into a non-applicant agreement with the Developer to support the Developer's AHSC application and to fund infrastructure improvements surrounding Parcel Group 8.

BACKGROUND

The City of Hayward entered into a Purchase and Sale Agreement (PSA) with Caltrans in January 2016 to acquire 10 parcel groups comprised of properties acquired by Caltrans for the State Route 238 expansion project. Caltrans has transferred those properties to the City subject to the City managing the disposition and development of these former State Route 238 parcel groups with the goals of removing blight, enhancing community involvement in the development process, and creating economic and public benefits, such as job generating uses and trails and parks.

Between 2019-2022, City staff worked with the community to develop a vision and approach to the development for Parcel Group 8. This included outreach efforts with the Parcel Group 8 neighborhood, Castro Valley Municipal Advisory Council, the existing Bridge Court tenants, Eden Area Municipal Advisory Council, Grove Way Neighborhood Association, Eden Area Community Land Trust, Supervisor Miley's Office, Alameda County Housing and Community Development Departments, Hayward Area Recreation and Park District, and the private and nonprofit development community. Based on this extensive community and stakeholder feedback, staff developed an approach to the development of Parcel Group 8 to subdivide Parcel Group 8 into three major segments and move forward with three distinct community and development processes as follows:

1. Affordable Housing Segment – Engage RCD, a nonprofit developer, to build much-needed **affordable housing** on the Bridge Court/Grove Way properties that minimizes displacement of existing residential tenants.
2. Open Space Segment – Facilitate an **open space** dedication to HARD for expansion of Carlos Bee Park.
3. Market Rate Middle Segment – Solicit private developer interest in a lower density **market rate housing and trail expansion** project consistent with the County Housing Element in order to address neighborhood traffic concerns and satisfy the Caltrans purchase price.

Caltrans agreed to authorize the separate and independent subdivision and development of the three distinct segments described above and, on September 15, 2020, the City Council memorialized that the proposed affordable housing development and open space dedication for Parcel Group 8 satisfies the City's park dedication and affordable housing obligations for any new housing proposed on the Market Rate Middle Segment.

On June 28, 2022, the City Council authorized the City Manager to negotiate and execute a Disposition Development and Loan Agreement (DDA) and related documents, with Developer for the transfer of specified properties and for the development of new affordable housing and rehabilitation of units for affordable housing and found the project is consistent with prior California Environmental Quality Act (CEQA) determinations. The DDA was executed by the City Manager.

On February 20, 2024, the City Council authorized an amendment to the DDA to extend the required close of escrow date from December 31, 2024 to December 31, 2026 and revise the number and size of units in the development plan.

DISCUSSION

Since the execution of the DDLA, staff and the Developer have been working collaboratively to prepare the site for development and secure financing for the project. Key activities have included:

- Evaluating competitiveness and applying for various state funding
- Performed environmental testing
- Obtaining a grant for removal of equipment associated with a former gas station on the property.
- Monitoring market conditions.

The Developer is preparing to submit an application for AHSC fundings due on May 28, 2025. A successful application will provide financing for the development of affordable housing and rehabilitation of existing housing on Parcel Group 8 and can be utilized for financing transportation improvements and amenities constructed by public agencies. The development of such improvements and amenities will make the Developer's application for AHSC funding meet certain application thresholds and increase its competitiveness. The AHSC program funds projects that implement land-use, housing, transportation, and agricultural land preservation practices that reduce greenhouse gas (GHG) emissions. A component of the grant application would fund infrastructure in the public right of way adjacent to the site (e.g. sidewalks). Under the application, the City would be reimbursed up to \$3 million to complete the following infrastructure improvements:

- More than 2,000 feet of continuous safe and accessible walkway on 4th Street, Valley Street, Russell Way, D Street and Rockaway Lane.
- Addition of a new 1,000 foot sidewalk where none currently exists on Western Boulevard from Peralta St to Simon St
- The addition of transit signal priority (TSP) equipment at ten intersections: Foothill and Grove, Foothill and Hazel, Foothill and City Center, Foothill and A St, Foothill and B

St, Foothill and C St, Foothill and D St, Mission and Sunset, Mission and A St and A St and Main St, which would result in TSP signals for one consecutive lane mile.

- Consists of eight new bus shelters throughout the Project Area on Main St & B St, A St & Alice St, Mission Blvd & Sunset St (2 ea), Foothill Blvd & Grove Way, C St & Main St, Mission Blvd & Grace St (2 ea).

These improvements fall within the project area of the development, are needed within the City and are needed to be eligible for the grant.

In order for the City to be reimbursed for these costs under the grant, the City must enter into a non-applicant agreement with the developer and demonstrate compliance with experience requirements. Staff recommend entering into a non-applicant agreement with the developer to secure funds to reimburse the City for infrastructure improvements and support the Developer's application for funding the development of 82 units of affordable housing and rehabilitation of existing housing on Parcel Group 8.

Environmental Review

Pursuant to the California Environmental Quality Act (Public Resources Code Sections 21000 et seq.) ("CEQA") and its implementing guidelines, the authorization and execution of the Non-Applicant Agreement with the Developer is exempt from environmental review pursuant to Section 15061(b)(3) of the CEQA Guidelines since it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. If the infrastructure projects described above are undertaken by the City, they will be subject to environmental review at the appropriate time. .

ECONOMIC IMPACT

The proposed development would have a positive economic benefit in that it would result in development of a currently vacant site with new residential units and rehabilitate existing units that require infrastructure investment, and this would beautify the site and increase surrounding property values. The proposed development is expected to provide 82 new affordable housing units and seven rehabilitated units. Development of the project is also expected to generate temporary construction jobs and an estimated 33 permanent jobs.

The Developer is attempting to leverage the City's investment in their project to secure funding from the County, the State, and private sources. The project is attempting to leverage approximately \$84 million dollars.

Additionally, social research indicates that access to affordable housing can improve education outcomes, increase health and well-being, boost economic activity, and lower the costs for state and local governments to provide emergency housing, mental health crisis services, emergency medical care, and other services to assist the homeless or families and individuals with a housing crisis. The rent for affordable housing is relative to income levels

versus market prices which reduces rent burden. This increases available income to pay for other basic needs or save for other financial goals such as furthering education or homeownership. Stabilizing housing costs can be the first step to creating opportunities for personal economic advancement.

FISCAL IMPACT

The estimated \$3 million would fully fund the listed infrastructure improvements so there is no direct fiscal impact on the City's General Fund.

STRATEGIC ROADMAP

The proposed project supports the Strategic Priorities of Preserve, Protect, and Preserve Housing for All, as well as of Grow the Economy, and specifically, relates to the implementation of the following project:

Project EP11: Continue to work on Route 238 Corridor lands disposition and development.

NEXT STEPS

Following Council approval, the City Manager will execute a Non-Applicant Agreement with Resources for Community Development in connection with the State of California Affordable Housing and Sustainable Communities (AHSC) Program .

Prepared by: Christina Morales, Deputy Director of Development Services

Recommended by: Sara Buizer, Director of Development Services

Approved by:



Dr. Ana M. Alvarez, City Manager