



DATE: April 17, 2018

TO: Mayor and City Council

FROM: City Manager

SUBJECT Authorization to Enter into an Exclusive Negotiating Rights Agreement with The True Life Companies, for a Proposed Development of Former Route 238 Parcel Group 2 off of Tennyson Road and Mission Boulevard.

RECOMMENDATION

That the Council adopts the attached resolution (Attachment II) authorizing the City Manager to enter into an Exclusive Negotiating Rights Agreement (ENRA) with the True Life Companies to develop conceptual development plans and negotiate a Disposition and Development Agreement (DDA) for former Route 238 Parcel Group 2 off of Tennyson Road and Mission Boulevard.

SUMMARY

The purpose of this item is to authorize the City Manager to enter into an Exclusive Negotiation Rights Agreement with The True Life Companies to develop conceptual development plans and negotiate a Disposition and Development Agreement for acquisition and development of a City-owned 8.75-acre parcel, giving them reassurance that the City will not negotiate with another entity while they are expending due diligence funds during the negotiation period.

BACKGROUND

After abandoning the State Route 238 Bypass Highway Project, Caltrans began selling previously acquired properties. To ensure that future development of these parcels aligns with the City's land use policies and overall vision, the City has negotiated a Purchase and Sale Agreement (PSA) with Caltrans to assume responsibility for the sale of these properties to private developers. The PSA provides the City with six years to sell the parcels or Caltrans may take them back. There are ten parcel groups along Foothill and Mission that are part of the City PSA with Caltrans.

The subject parcel is known as Parcel Group 2 and it is a single parcel located between the Tennyson Road extension on the north and Mission Boulevard to the west. The property is irregularly shaped and wraps behind commercial properties fronting Mission Boulevard and portions of the property front on Mission. The assessor has not assigned a parcel number to Parcel Group 2 and it is identified on the parcel map as State Freeway (See Attachment III).

The parcel is approximately 8.75 acres or 381,182 gross square feet, which has been reduced by the extension of Tennyson Road at the north end of the parcel, and a storm drain easement on the west side. The parcel is currently vacant.

The True Life Companies recently acquired the 4-acre site south of Parcel Group 2 at 29212 Mission Boulevard (former Roller Rink site). The developer submitted concept plans for the roller rink site at the Council Economic Development Committee (CEDC) under the City's Business Concierge Program concept review for a 91-unit development on February 5, 2018. Following CEDC feedback, the developer met with City staff about acquisition of the City owned Parcel Group 2 for a potential larger site assemblage and submitted a Letter of Interest (LOI) on March 30, 2018 (see Attachment IV).

DISCUSSION

Since the City has received a LOI from a developer pursuing a development project adjacent to Parcel Group 2, staff is recommending that the City Council enter into an ENRA to allow exploration of a larger assembled project that could take advantage of access points and developable land area of Parcel Group 2 along Mission Boulevard. The ENRA is only the first step in the land disposition process. The developer will need go through site development feasibility studies, environmental review and land use entitlement review processes. The ENRA simply gives The True Life Companies reassurance that the City will not negotiate with another entity while they are expending funds during the due diligence and framing up of a Disposition and Development Agreement. Listed below is a summary of key elements of the ENRA:

Key Elements of the ENRA

- Upon the effective date, Developer and the City will have 90 days to negotiate the form of a mutually acceptable DDA, which could be extended up to 60 additional days as determined by the City Manager.
- Developer will conduct site development feasibility and develop preliminary project plans and information required to conduct California Environmental Quality Act (CEQA) and entitlement review for the proposed project.
- Developer will submit a good faith deposit and staff and City consultant time will be billed against the deposit.
- The Project is not considered a public project or to have any public participation; and as such is not subject to any Project Labor Agreement requirements.

Developer Background and Experience

True Life Companies is a national developer with regional offices located in California, Colorado, Hawaii and Arizona with a Bay Area office located in San Ramon. True Life Companies focuses on in-fill projects that have been former industrial sites or have some level of contamination requiring remediation. Projects selected by the developer are typically transit-oriented with a location within a 1/3 of a mile from transit hubs. True Life Companies

has multiple Bay Area projects including projects in Fremont, Milpitas, Santa Clara, and recently completed projects in San Jose.

ECONOMIC IMPACT

No property taxes are currently being paid on the parcel group. Sale of Parcel Group 2 to a non-governmental entity will place it back on the tax rolls and provide an opportunity for new residential development needed to address the goals of the Housing Element, and expansion of La Vista Park.

The sale of the parcel group 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. If the project moves forward to the DDA phase, 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

This is the initial phase of potential property disposition and development. There are no anticipated fiscal impacts with the ENRA/DDA negotiations as the developer deposit will pay for staff time and consulting costs. The estimated amount of new tax revenue to be generated will be calculated at the time the DDA moves forward for City Council consideration.

STRATEGIC INITIATIVES

This agenda item would support the Complete Communities Strategic Initiative. The purpose of the Complete Communities Initiative is to create and support structured services and amenities to provide inclusive and equitable access for all with the goal of becoming a thriving and promising place to live, work and play. This item would support the following goals and objectives:

Goal 1: Improve quality of life for residents, business owners, and community members in all Hayward neighborhoods

Objective 1.b. Foster a sense of place and support neighborhood pride.

Objective 1.d. Create resilient and sustainable 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.

Objective 2.b. Facilitate the development of diverse housing types that serve the needs of all populations.

The proposed project would be in line with the above goals and objectives as it would create new housing, potential jobs, and investment into the Mission Corridor, while adding to the resiliency and vitality of Hayward.

PUBLIC CONTACT

To date, there has been no public contact associated with this project. As the developer begins to put together the preliminary land use plan, community outreach will be an expectation of this process. In addition, there will be the standard public hearings before the Planning Commission and City Council as the City considers the necessary planning and environmental approvals for the proposed project should it move forward to those phases.

NEXT STEPS

If Council authorizes the action, the City Manager will negotiate and execute the ENRA and staff will begin work with the developer. Should staff be successful in the negotiations with the developer, the proposed terms and conditions of the Disposition and Development Agreement would come back to Council for approval.

Prepared and Recommended by: Micah Hinkle, Economic Development Manager

Approved by:



Kelly McAdoo, City Manager