

CITY COUNCIL MEETING

OCTOBER 19, 2021

PRESENTATIONS

PUBLIC HEARING

ITEM #8

PH 21-087

**SALE OF PARCEL GROUP 3
FOR DEVELOPMENT OF
NEW AFFORDABLE
HOUSING AND SCHOOL**

Sale of Parcel Group 3 for Development of Affordable Housing and a School



October 19, 2021 — City Council Public Hearing

Staff Recommendation

- That the Council adopt resolutions:

1. **Exempt Surplus Lands** - Declaring City-owned properties (Parcel Group 3) generally located between Tennyson Road and Broadway Street as Exempt Surplus Lands; and
2. **Sale of Parcel Group 3** – (a) Approving the Government Code Section 52201 Summary Report for the project; (b) Authorizing the City Manager to negotiate and execute a Disposition and Development Agreement (DDA) with Eden Housing, Pacific West Communities, and Strategic Growth Partners for transfer of specified City-owned properties; and (c) Amending the Parcel Group 3 Affordable Housing Plan (Planning Application #202001594), consistent with prior California Environmental Quality Act (CEQA) Determinations

Public Hearing Process

1. Staff Presentation
2. Council Questions
3. Open Public Hearing
4. Receive Public Comment
5. Close Public Hearing
6. Council Deliberation and Vote

Route 238 Corridor Lands Parcel Groups



Background

1960's

- Caltrans purchase land for Route 238 Bypass Project

2016

- City & Caltrans Purchase and Sale Agreement

2027

- End of Agreement with Caltrans

2009

- Project Abandoned
- Joint City/County Land Use Study

2017

- Begin Master Development Planning Process

Project Goals



Facilitate the cohesive, productive use of land driven by community vision



Eliminate neighborhood blight



Negotiate real estate transactions at no net cost to the city



Fund new community benefits



Contextual Map

Parcel Group 3: Declaration of Exempt Surplus Lands

- Caltrans granted the Parcel Group 3 properties to the City in trust pursuant to State Route 238 Local Alternative Transportation Improvement Program (Government Code Sections 14528.6 and 14528.65) and therefore, disposal of these Properties is authorized or required subject to conditions established by statute
- Pursuant to California Government Code section 54221(b)(1), the City must declare land as either surplus or exempt surplus prior to beginning the disposition process
- As a result, the Council must take an action to adopt a resolution declaring the properties as exempt surplus land pursuant to Government Code section 54221(f)(1)(H) because the land was granted by Caltrans in trust to the City
- Upon approval of the resolution, the City Manager will transmit a copy of the resolution to the California Department of Housing and Community Development no later than thirty (30) days prior to the disposition of the properties

Parcel Group 3: Project Description

- 28.5 acres
 - 21.5 acres retained for La Vista Park expansion
 - 7 acres for housing and school development
 - 21 single-family lots to be transferred to developers for resale
- 176 affordable units
(Est. RHNA benefit - 28% of City's low-income and 4% of very low-income)
- Two-story, 36,000-square-foot community school (The Primary School) with wraparound family services targeted at Hayward's vulnerable families
- \$500,000 fair share contribution to Hayward Foothill Trail
- Within 0.5 miles of South Hayward BART Station



Project Location

- ✓ Parcel Group 3 (28.5 acres)
- ✓ City owned land
- ✓ North of Tennyson Road between 16th Street and the planned La Vista Park
- ✓ Proposed development will be located in southwest corner (approx. 7 acres)

**La Vista Park
Expansion**
(Retained by City)

**Parcel Group 3
Development Site**
(To Be Transferred to Developers)

Parcel Group 3: Disposition and Development Agreement Key Terms

- Parties – City of Hayward and Eden Housing and Pacific West Communities (as Affordable Housing Developer; Strategic Growth Partners (as School Developer); and Eden Housing and Pacific West Communities (as owner of Single Family Parcels)
- Purchase Price – \$3,552,000 (Caltrans Base Price: \$2.3 million, \$1.25 million net to City)
- Land Closing – Closing on land requires full purchase price, and either the school or housing development to have obtained the award of their respective tax credit financing; and either the school or housing development and its associated horizontal infrastructure be ready to construct
- Phasing and Performance Milestones – School and housing allowed to construct vertical improvements separately with separate timelines, but subject to performance milestones for each individual component

Parcel Group 3: Disposition and Development Agreement Key Terms

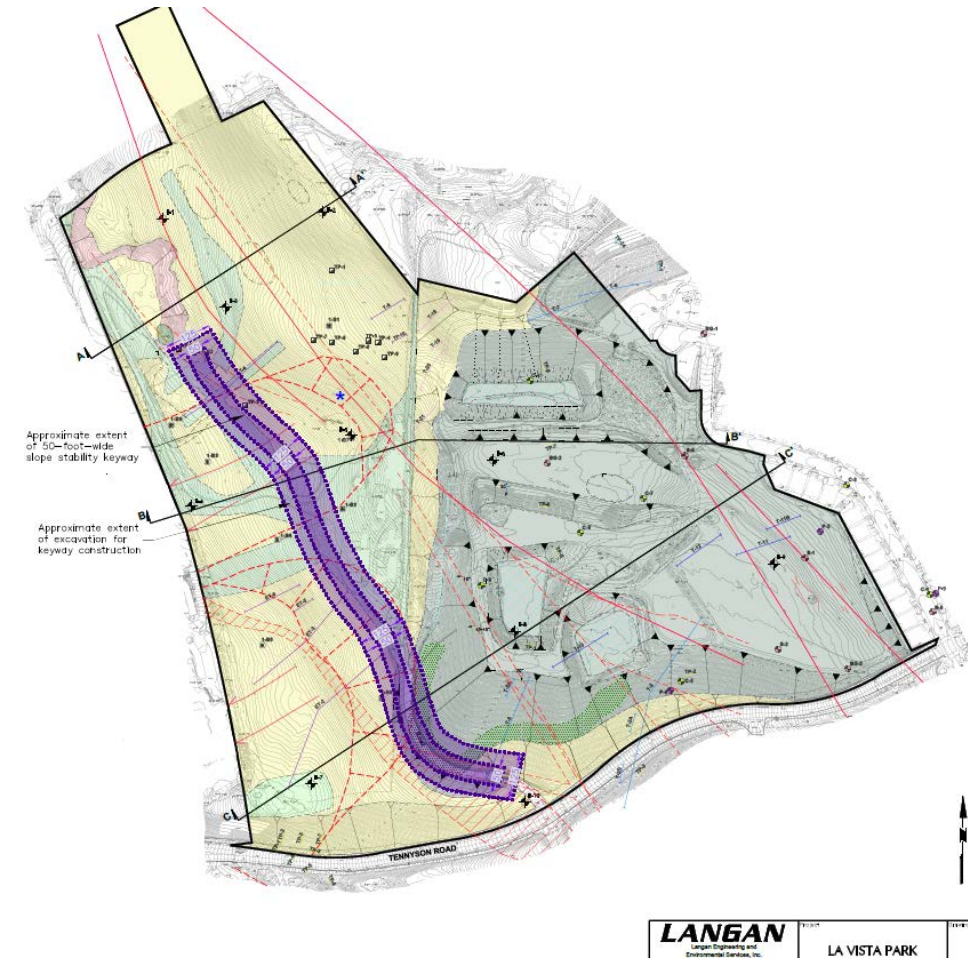
- Infrastructure Phasing and Bonds – Infrastructure divided by project component and phased, but bonds for all horizontal infrastructure provided at closing; property lines and infrastructure phasing may shift slightly depending on school financing
- Vertical Bonds/Guarantees – Bonds for vertical development are required for each project component unless the respective construction lenders or investors do not require them. In this instance, the Developer is allowed to provide the City with either a personal or corporate guarantee for vertical development instead
- Keyway Construction – Independent of the DDA, the City is obligated to construct the keyway improvements associated with La Vista Park. The City has agreed to prioritize the construction of specified portions of the La Vista Park Keyway with no liability to the City if the City does not perform

Parcel Group 3: Disposition and Development Agreement Key Terms (*cont.*)

- Voluntary Affordable Housing Covenant – housing developer voluntarily agrees to restrict affordable housing units at the Development for occupancy by low-income households at an affordable rent in perpetuity with the City as a third-party beneficiary
- School Covenant – no other use allowed for school site other than school, other public use, or affordable housing (no market rate housing allowed)
- No Financial Assistance - The City will not make any form of direct or indirect financial contribution and will not be required to provide any other assistance to the Developers
- Gov't Code 52201 Summary Report – Approval of Summary Report required for sale of City land

Parcel Group 3: La Vista Park Coordination

- La Vista Park and Parcel Group 3 both require construction of keyways to protect against landslides
- City expediting and phasing construction of keyway for La Vista Park to support both projects with minimal cost and risk to City
- DDA obligates City to perform construction, but without any liability to the City
- DDA also needs to rely on updated CEQA analysis for La Vista Park, which was approved on Sept 28th



Parcel Group 3: Amendment to Affordable Housing Plan

- Parcel Group 3 Affordable Housing Plan prepared as part of the Developer's application, which was approved by the Planning Commission on July 22, 2021 and confirmed by the Council's denial of the project appeal on September 28, 2021.
- As part of subsequent DDA negotiations, City staff and the Developer determined that modifications to the Affordable Housing Plan were required to address conflicting affordability requirements between funding sources and State Density Bonus law and more accurately reflect the unit mix of the project

Parcel Group 3: Project Timeline

- **April 2018** – City issued Request for Proposals for Parcel Group 3
- **November 2018** – City entered into Exclusive Negotiation Rights Agreement (ENRA) with Eden Housing, The Pacific Companies, and Strategic Grown Partners (two administrative extensions granted due to major site constraints)
- **June 2021** – Council extended ENRA with Developers until Dec 2021
- **July 22, 2021** – Planning Commission approved site plan review, administrative use permit, and density bonus application, which were appealed by neighbors
- **September 28, 2021** – Council denied appeal, upheld Planning Commission approval, as well as approved La Vista Park Plan/CEQA analysis
- **October 19, 2021** – Council public hearing on exempt surplus lands declaration, DDA, and modification to affordable housing plan
- **Late 2021/Early 2022** – Anticipated land transfer and payment to Caltrans to occur
 - School estimated to start construction late 2021/early 2022 with opening in fall 2023
 - Housing projected to start construction late 2022/early 2023, depending on competitive financing

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Questions?

