



DATE: June 18, 2019

TO: Mayor and City Council, City of Hayward
Board of Directors, Hayward Area Recreation and Park District

FROM: Deputy City Manager

SUBJECT: Overview and Approach to Parks, Open Space, and Trails within Route 238 Corridor Lands Development

RECOMMENDATION

That the City Council and Hayward Area Recreation and Park District (HARD) Board review and comment on this report.

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. 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 with developers with plans being vetted with the community by the developers through the City's standard planning process. Parcel groups 1 & 10 were sold to William Lyon Homes in 2018.

Development on these parcels will include the creation of new neighborhood parks, designated areas of open space, and the construction of the Hayward Foothill Trail pursuant to the Special District 7 (SD-7) zoning overlay. This report provides an overview of the planning processes for the community amenities to be developed on these properties.

BACKGROUND

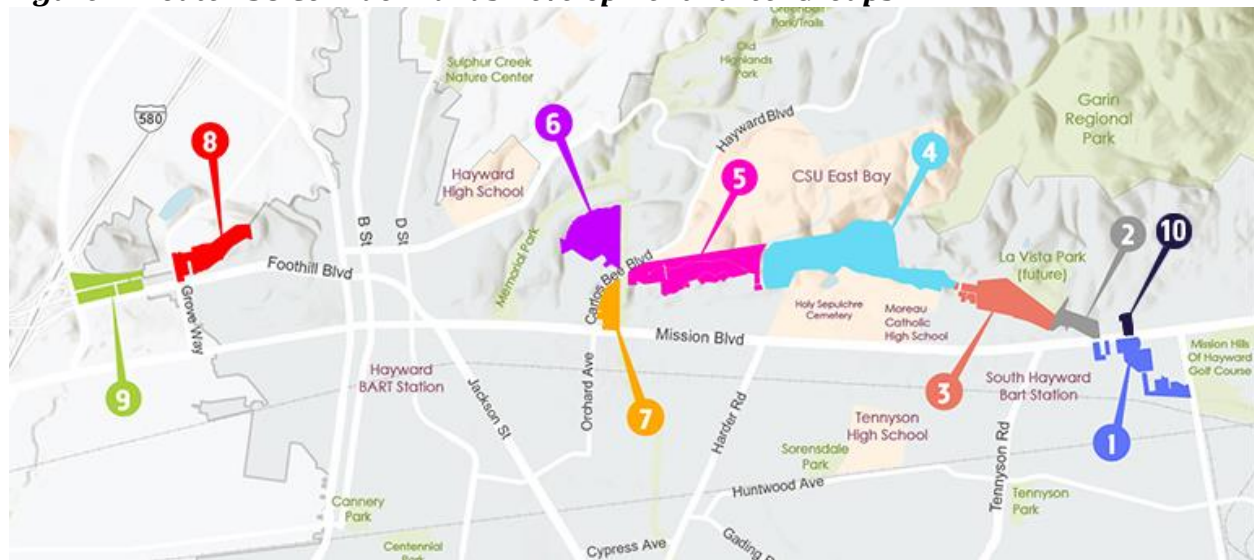
Route 238 Corridor Lands Development

In the mid-1960s, the California State Department of Transportation (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 Commission—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 (PSA) with Caltrans to manage the disposition and development of these properties. The PSA divides the properties into 10 parcel groups which must be disposed of by 2022. Figure 1 shows the location of these 10 parcel groups.

Figure 1: Route 238 Corridor Lands Development Parcel Groups



Route 238 Bypass Land Use Study

In 2009, the City commissioned the Route 238 Land Use Study (Study) to evaluate and implement General Plan and zoning amendments to guide the redevelopment of the Route 238 Corridor Lands following Caltrans abandoning the project. The Study focused on the following objectives:

- Developing more efficient land use patterns.
- Producing sufficient housing, including affordable housing, and other uses to support anticipated population increases and workforce needs for the full spectrum of the population.
- Fostering land use and transportation planning including pedestrian and bikeway opportunities and connections.

- Reducing traffic congestion and improving air quality.
- *Increasing opportunities for additional open space and park areas, as well as connections to existing open space and park areas.*

This Study established the Special District 7 zoning overlay¹ (SD-7). This special district ensures the orderly development of a continuous trail as properties involved in the Study are developed. SD-7 sets the general location for the trail and the standards and guidelines for which the trail shall be built.

DISCUSSION

Residential developments included in the Route 238 Corridor Lands Development Project will provide numerous community benefits, mostly in the form of new neighborhood parks, designated areas of open space, and the construction of the Hayward Foothill Trail. Table 1 below provides a summary of the estimated total acreages of open space, parks, and length of the Hayward Foothill Trail.

Table 1: Estimated Total Community Amenities

Community Amenity	Amount
Designated Open Space	98 Acres
Parks	34 Acres
Trails	3 Miles

Both staff from City of Hayward and HARD are seeking feedback from the City Council and HARD Board on the summary of those conversations, which is provided below:

General Approach

City and HARD staff have been meeting since January of this year to begin conversations over ownership, maintenance, and other considerations regarding these new community amenities.

To ensure consistent maintenance specifically for the Hayward Foothill Trail, staff has determined the following general approach for the development and on-going management of the trail:

- | | |
|--|---|
| • <i>Final Trail Design and Alignment Approval</i> | City and HARD |
| • <i>Construction</i> | Selected Developers |
| • <i>Maintenance and Hazard Abatement District Financing</i> | Property Based Assessments
via HOA, LLD, CFD, and/or
GHAD |
| • <i>Maintenance Responsibility</i> | HARD |

Parcel Groups 1 & 10: SoHay

¹ Hayward Municipal Code Sec. 10-1.2640 Hayward Foothills Trail (SD-7)

The City Council approved the William Lyon Homes SoHay development in May 2018. The project includes 472 mixed-income, multi-family rental and for-sale townhome-style unit and retail development.

Planned Park Facilities

This development includes approximately 2.5 acres of new parks and trails, replacing Valle Vista Park. A segment of the Hayward Foothill Trail will travel throughout the new development, connecting to Parcel Group 2 via Mission Blvd. and Valle Vista Avenue.

Development and Maintenance Approach

William Lyon Homes is constructing the new park and trail amenities and will dedicate the facilities via two parcels to the City of Hayward and HARD, based on the land dedicated by HARD to the development and the City's agreement with CalTrans for the remaining properties. On-going maintenance for both park parcels will be financed through a Landscaping and Lighting District (LLD) and managed by HARD.

Parcel Group 2—The True Life Companies

The City and The True Life Companies entered into an Exclusive Negotiations Agreement (ENA) for this 9-acre parcel group in October 2019. Their proposal, Mirza, contemplates the development of 189 mixed-income, multi-family for-sale townhome and condominium units and retail development over Parcel Group 2 and a parcel directly to the south.

Planned Park Facilities

The True Life Companies has submitted an application for this proposed development, which is currently under review by the City's Planning Division. Initially submitted park and open space amenities include a 14,000 sf. dog park, 3,320 sf. hillside overlook park, 1 acre of group open space, and 19,000 sf. in additional development serving parks and plazas. 1,500 linear feet of trail will cross the property, connecting between the SoHay project at the Mission/Valle Vista intersection and Parcel Group 3 from a new, secondary access point via the eastern extension of Tennyson Road. These amenities will be reviewed by HARD staff per the normal development application review process.

Parcel Group 3—Eden Housing & The Pacific Companies (TPC)

The City, Eden Housing, and The Pacific Companies entered into an ENA for this 29-acre site for the development of 150 affordable housing units and a new charter school.

This project is still undergoing conceptual site planning by the development team. The ENA term sheet includes provisions for the final Disposition and Development Agreement (DDA) to include a requirement for the developer to pay Park-In-Lieu fees to fund the construction of a portion of La Vista Park. The property will also need to comply with the SD-7 zoning overlay to construct a portion of the Hayward Foothill Trail.

Parcel Group 4—Eden Housing & The Pacific Companies (TPC)

Additionally, the City entered into an ENA with Eden Housing and TPC for Parcel Group 4. This parcel is approximately 81 acres of designated open space. This Parcel Group is deed restricted to two housing units but may be increased to three pending Caltrans approval. This project is still undergoing conceptual site planning by the development team. The property will need to comply with the SD-7 zoning overlay to construct a portion of the Hayward Foothill Trail.

Parcel Group 5—Bunker Hill

Future development of this 38-acre site will include up to 74 single-family homes, upgraded infrastructure, designated open space, and the construction of the Hayward Foothill Trail.

Planned Park Facilities

Approximately 3,000 feet of the Hayward Foothill Trail would be constructed by the selected developer and owned by the local HOA. Approximately 11-acres of open space surrounding the riparian corridors to the north and south of the parcel group would remain as designated open space. Attachment II is the conceptual site plan included in the Parcel Group 5: Master Development Plan, which is scheduled for Council consideration on July 9, 2019.

Development and Maintenance Approach

The selected developer would construct the segment of the Hayward Foothill Trail. A newly established HOA would own the trail and would grant a public access easement. Maintenance would be funded through a, to be determined, property-based assessment (HOA, LLD, CFD, or GHAD). The HOA would then contract with HARD to manage the maintenance of the trail. HARD would also receive a first right option to purchase the riparian/open space areas located to the north and south of the parcel group for the development of secondary trails or a small-scale neighborhood park to be developed at a later date.

Parcel Group 6—Carlos Bee Quarry

Future development of this 30-acre site will include a maximum of 500 townhome/multi-family units and 500 student beds.

Planned Park Facilities

The development will include a new 1.5-acre community park in addition to a 1,200-foot segment of the Hayward Foothill Trail that will loop around the perimeter of the property. The development would also include approximately 8 acres of designated open space located around most of the property's perimeter, encompassing the creek and riparian corridor to the north. Attachment III is the conceptual site plan included in the Parcel Group 6: Master Development Plan, which is scheduled for Council consideration this fall.

The selected developer will be required to deed the community park to HARD. Similarly to Parcel Group 5, the HOA will own the trail and passive open space areas. Maintenance for the trail and new park would be funded through a, to be determined, property-based assessment

(HOA, LLD, CFD, or GHAD). The HOA would then contract with HARD to manage the maintenance of the trail.

Development and Maintenance Approach

The selected developer will construct the park and trail facilities. HARD will assume ownership of the neighborhood park. A newly established HOA would own the trail and would grant a public access easement. Maintenance would be funded through a, to be determined, property-based assessment (HOA, LLD, CFD, or GHAD). The HOA would then contract with HARD to manage the maintenance of the trail.

Parcel Group 8—Grove Way

The City is currently evaluating development alternatives for this 20-acre site that straddles the City and unincorporated Alameda County border. Potential development may include family and senior affordable housing as well as market rate townhomes. Due to numerous site-specific constraints and challenges, the City will develop a disposition strategy for the parcel group following the disposition of the remaining parcel groups.

Planned Park Facilities

This parcel group includes over 9 acres of designated Open Space, which would make a natural extension of Carlos Bee Park. City and HARD staff have had preliminary discussions on the disposition of this portion of the parcel to HARD directly. The parcel would include the final, northern extension of the Hayward Foothill Trail.

Development and Maintenance Approach

Under this scenario, HARD would own the portion of the trail falling within the boundary of the new Carlos Bee Park expansion. A newly formed HOA would own the portion of the trail that falls within the residential development and would grant a public access easement. Maintenance for all new park amenities would be funded through a, to be determined, property-based assessment (HOA, LLD, CFD, or GHAD). The HOA would then contract with HARD to manage the maintenance of the trail that falls within the residential development.

Parcel Group 9—Apple/Oak

Development on this 4.26-acre site will likely include a business concept hotel. The site traverses the City and County boundary. There are no park or open space amenities being evaluated for this site at this time.

ECONOMIC IMPACT

No property taxes are currently being paid on these parcel groups. The redevelopment of the parcels 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. While the land set aside for parks, open space, and trails do not generate tax revenue, these park amenities are likely to increase land value of any adjacent market rate development.

FISCAL IMPACT

The estimated amount of new tax revenue to be generated will be calculated at the time a single development proposal is selected for negotiations. However, the creation of property-based financing mechanisms will generate new streams of tax and/or fee revenue to finance HARD's on-going maintenance activities of the Hayward Foothill Trail and potentially new park and open space amenities.

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 goal:

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

NEXT STEPS

Following feedback from this joint-agency work session, City and HARD staff will continue to work together to develop formal terms to guide the development of the Hayward Foothill Trail and new park and open space amenities within the 238 development opportunities.

Prepared by: John Stefanski, Management Analyst II, City of Hayward

Recommended by: Jennifer Ott, Deputy City Manager, City of Hayward

Approved by:

A handwritten signature in black ink, appearing to read 'Kelly McAdoo', written over a horizontal line.

Kelly McAdoo, City Manager