



DATE: November 19, 2019

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Route 238 Corridor Land Development – Parcel Group 6 Carlos Bee Quarry Project: Adopt a Resolution Certifying an Addendum to the 2014 General Plan Environmental Impact Report, Approval of Master Development Plan, and Authorization for the City Manager to Issue a Request for Proposals for the Disposition and Development of the Parcel Group

RECOMMENDATION

That Council adopts a resolution (Attachment II) certifying an addendum to the 2014 General Plan Environmental Impact Report (Attachment III), approves the Parcel Group 6 Master Development Plan (Attachment IV), and adopts a resolution (Attachment V) authorizing the City Manager to issue a Request for Proposals (Attachment VI) for the disposition and development of Parcel Group 6: Carlos Bee Quarry Project.

SUMMARY

The City of Hayward 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. This report covers Parcel Group 6: Carlos Bee Quarry.

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 agreements with developers with plans being vetted with the community by the developers through the City's standard planning process.

For Parcel Group 6, the culmination of these planning efforts is the certification of an Addendum to the 2014 General Plan Environmental Impact Report (2014 GPA EIR), approval of a Master Development Plan (MDP), and issuance of a Request for Proposals (RFP) from developers for development of a maximum unit count of 500 townhome and multifamily residential units and 500 student beds/125 student units (assuming quad-style units)

consistent with the City’s General Plan.

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 the 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 Authority—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 or community considerations. To ensure the productive development of this land in a manner that maximizes land value while balancing 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 that must be disposed of by 2022. Table 1 below provides the current status of these parcel groups:

Parcel Group	Status	Entity	Est. Disposition Timeline	Estimated Unit Counts	Affordable Unit Count
1 & 10	Sold	William Lyon Homes (SOHAY)	August 2018	472 (approved)	48 (approved)
2	Under Negotiation	The True Life Companies (Mirza)	Winter 2019	189	19
3	Under Negotiation	Eden Housing and The Pacific Companies	Winter 2020	150	150
4	Under Negotiation	Eden Housing and The Pacific Companies	2021	3	0
5	Master Development Planning	City of Hayward	Fall 2020	74	8
6	Master Development Planning	City of Hayward	Winter 2021	1,000	100
7	Under Negotiation	One Subaru of Hayward	Winter 2019/20	0	0
8	Master Development Planning	City of Hayward	TBD	0	0
9	Master Development Planning	City of Hayward	Winter 2020	0	0

Parcel Group	Status	Entity	Est. Disposition Timeline	Estimated Unit Counts	Affordable Unit Count
<i>TOTAL</i>				<i>1,888</i>	<i>325¹</i>

Program Goals

The 238 Corridor Lands Development Project provides a one-time opportunity to reintegrate these lands into the City, providing for new housing at all income levels, commercial development, open space, and trails. The four overarching goals of this community driven project are to:

- GOAL 1: Facilitate the cohesive, productive development of land driven by community vision;
- GOAL 2: Eliminate neighborhood blight;
- GOAL 3: Negotiate real estate transactions at no net cost to the City;
- GOAL 4: Generate funding for the key public benefits like open space, city-wide trails, affordable housing, public transportation, and other city priorities through on-site development requirements and sales.

On July 25, 2019, the Planning Commission held a work session to review initial development concepts for Parcel Group 6. The Commission was generally supportive of the concepts and provided the following feedback:

- Clearly articulate the riparian and creek setbacks.
- Require the Homeowners Association (HOA) to provide neighborhood security and on-street parking enforcement.

On October 3, 2019, the Council Economic Development Committee (CEDC) received a report on the draft MDP and the draft RFP. The CEDC was supportive of the MDP and RFP and only made the following recommended changes:

- Emphasize encouraging creative and innovative proposals.
- Consider more commercial use, if desired by development teams.
- Require future development to exclude natural gas utilities.
- Encourage additional outreach and solicit more neighborhood feedback throughout the planning process.
- Require additional engineering analysis regarding new intersection to ensure safety on Carlos Bee.
- Prohibit a gated community.

On October 24, the Planning Commission reviewed the draft MDP and Addendum to the 2014 GP EIR, including draft California Environmental Quality Act (CEQA) findings. The Planning Commission was supportive of the MDP and unanimously recommended approval, with the recommended change of adding a wildfire prevention requirement for the site plan into the RFP.

¹ Staff estimates 17% of total Route 238 Corridor Lands Development residential units will be affordable.

These recommendations will be integrated into the MDP and RFP along with any of Council's recommended changes.

DISCUSSION

Parcel Group 6: Carlos Bee Quarry

Parcel Group 6 is a 30-acre site, located in the Hayward Hills, bound by Highland Boulevard to the north, Carlos Bee Boulevard to the south, existing residential development to the west and a PG&E utility corridor to the east. Parcel Group 6 is also northwest of California State University, East Bay (CSUEB).

Policy Context and Code Compliance

Hayward 2040 General Plan

The current General Plan designates Parcel Group 6 as Sustainable Mixed Use (SMU) and Parks and Recreation (PR) in the Hayward 2040 General Plan. Permitted residential densities under the SMU land use designation is 4.3-100 dwelling units per acre. Any development of Parcel Group 6 will be required to be consistent with the General Plan. The SMU District encourages mixed-use development consisting of either residential with retail, residential with commercial/office, or educational or cultural facilities with public open space, along major transit corridors, near transit stations or in close proximity to public higher educational facilities or large employment centers, in order to provide transit oriented development in a sustainable way. Aside from this, the City anticipates that the Parcel Group 6 MDP will be consistent with several other General Plan goals and policies including:

- Goal LU-1: Promote local growth patterns and sustainable development practices that improve quality of life, protect open space and natural resources, and reduce resource consumption, traffic congestion and related greenhouse gas emissions.
- LU-1.4 Revitalization and Redevelopment: The City shall encourage property owners to revitalize or redevelop abandoned, obsolete, or underutilized properties to accommodate growth.
- LU 1.10 Infrastructure Capacities: The City shall ensure that adequate infrastructure capacities are available to accommodate planned growth throughout the city.
- LU-3.7 Infill Development in Neighborhoods: The City shall protect the pattern and character of existing neighborhoods by requiring new infill developments to have complementary building forms and site features.
- LU-7.6 Open Space Access: The City shall require new hillside developments to provide public trail access (as appropriate) to adjacent greenways, open space corridors, and regional parks.

The site is also designated as a Housing Element site in the most recently adopted Housing Element. At 29.5 acres, the site under SMU would allow for a total range of 738 to 1,628 units. However, the Housing Element assumed a more attainable capacity of 606 units. The environmental analyses for this parcel group assumed a maximum of 625 units (500

townhomes/multi-family units and 500 student beds) to help meet the goals and objectives of the Housing Element including:

- H-2.1 Homeownership Housing: The City shall encourage the development of ownership housing and assist tenants to become homeowners to reach a 60 percent owner-occupancy rate, within parameters of federal and state housing laws.
- H-2.4 Integration of Affordable Housing: The City shall encourage a mix of affordability levels in residential projects and encourage dispersal of such units to achieve greater integration of affordable housing throughout the community.
- H-3.5 Compatible Development of Underutilized Sites: The City shall encourage compatible residential development in areas with underutilized land.

Zoning Ordinance

The current zoning for the site is Sustainable Mixed Use (SMU) District and Open Space (OS) District along the northern perimeter and includes the Special District 7 (SD7) overlay for the Hayward Foothill Trail. This zoning provides for 20,000 square foot minimum lot sizes and a maximum lot coverage of 90%. The required density range is 25-55 units per acre with a maximum building height of 55 feet.

With this in mind, the SMU District has no residential parking minimum and sets a maximum of 1.3 off-street parking spaces for studio/one-bedroom units and 1.5 spaces for units with two or more bedrooms.

Affordable Housing Ordinance (AHO)

Under the current AHO, a given development must provide affordable units equal to either 10% of the total units for for-sale units or 7% of the total units for rental units; pay an Affordable Housing In-lieu fee; or provide an alternative approach that exceeds these requirements. Any on-site units must be similar units to the market rate units provided in the development. This development will be required to provide on-site affordable units.

Hayward Area Planning Association's (HAPA) Bayview Concept

HAPA has for many years proposed a development concept for this site called the Bayview Village concept. Bayview Village would have about 700 units on pedestrian and bike-only streets and a parking lot for 100 cars with no cars or parking allowed within the housing units or on the streets within the project. Mobility is provided by a fast, frequent, free shuttle bus operating every ten minutes on a busway through the project, connecting Cal State East Bay and downtown Hayward BART. The project also has a Community Center with a cafe and other features, supports car rental, car share, taxis, and shared ride; vouchers for health and guaranteed ride home; a Village Van; and other features. Bayview is designed for people connected to Cal State East Bay, who use BART, who work at home, or who are retired—all markets that do not need frequent use of a personal vehicle. HAPA asserts that Bayview is able to provide housing at a much lower cost than car-based alternatives.

Bayview is designed for the six major values identified below and explained in more detail at the Bayview Village Project website at <http://www.bayviewvillage.us/>

- Housing Affordability
- Environmental Sustainability (LEED Platinum)
- Green Mobility
- Health and Safety
- Good Design
- Community

As a component of the RFP, staff is recommending that developers submit a brief project understanding and impact statement regarding the feasibility of developing the Bayview concept as presented in a separate Bayview Village Proposal document prepared by HAPA. Developers will address overall impressions, opportunities, constraints, and financial feasibility of the Bayview Village concept. Note that the MDP is designed to cast a broad net of proposals and the Bayview Village concept presents a specific way to achieve the MDP goals.

Existing Site Conditions

Parcel Group 6 is located north of Carlos Bee Boulevard, south of Highland Boulevard, approximately 1,500 feet northeast of Mission Boulevard and approximately 2,000 feet northwest of CSUEB. A dirt access road within a Pacific Gas & Electric (PG&E) utility corridor connects the site to Carlos Bee Boulevard. Overlook Avenue and Palisade Street terminate at the southwestern corner of the site.

Parcel Group 6 was previously used as a sand/gravel quarry and is characterized by a large, relatively level area devoid of landscaping in the center surrounded by steep slopes. A densely vegetated drainage forms the northeastern border of the 29.6-acre site. The parcel is vacant and has no direct access nor utility infrastructure adequate for residential development.

Master Development Planning Process

In 2017, the City contracted with the urban design firm, Design Workshop, to develop Master Development Plans and associated environmental review documentation for several parcel groups including Parcel 6. As a part of that contract, Design Workshop and their subcontractors conducted site specific analyses and assisted the City in developing a community driven vision for the future development. The product of this work is the attached MDP for Parcel Group 6 (Attachment IV), which captures the proposed vision for Parcel Group 6, and which articulates certain development standards and public benefits that the future development shall provide.

Public Outreach

For this parcel, staff held one neighborhood meeting in addition to a community-wide meeting on the Route 238 Corridor Lands Development project. In addition to these meetings,

staff met with several neighborhood members, including members of HAPA, to garner additional feedback. The feedback from these meetings included:

- Support for development consistent with existing zoning and General Plan designations, including a mix of residential product types.
- General support for a property assessment or fee to fund new or improved public transit options.
- Provide dedicated bike lanes for students to access campus.
- Overall concern about cumulative impacts of population growth on traffic and public services.
- Desire for walkable commercial/retail opportunities for residents.
- Restore the riparian and creek corridors.
- Include affordable, student, and faculty housing.
- Provide trails, open space, and parks.

Master Development Plan

The MDP outlines the proposed vision for the development of Parcel Group 6, which is consistent with many of the comments and requests made by the community. This section briefly summarizes five main aspects of this vision. Further discussion can be found in the draft MDP (Attachment IV).

1. Trails and Open Space

The draft MDP contemplates preserving over 12 acres of dedicated open space located around the northern boundary of the project site and in the steeply sloped areas. The current conceptual plan includes an approximately 1.5-acre neighborhood park to be located in an easily accessible area for the neighborhood and surrounding community. A loop of the Hayward Foothill trail is included to circumnavigate the site.

2. Streets, Circulation, and Transportation Demand Management

Parcel Group 6 has no current roadway access infrastructure. The draft MDP includes the creation of a new access road and signalized intersection off of Carlos Bee Boulevard within the PG&E utility easement. Secondary site access may be accomplished through connections with Overlook Drive and/or Palisade Street.

Streets will incorporate traffic calming, sidewalks, and trail connections to increase bicyclist and pedestrian visibility and safety. Walkways and trails will provide connections to public and commercial spaces. The site's main roadways must include bikeway facilities and the development must provide access to traditional and electric, docked or dock-less bike share options such as Lime Bikes, Lyft, or Jump Bikes to encourage and promote bicycle usage among residents.

The development will need to establish a property-based fee or other financing mechanism to fund the creation of dedicated transit service to Downtown Hayward and Hayward BART.

This transit service may be established privately or through a partnership with CSUEB and AC Transit, who have both expressed preliminary interest in partnering with the City on transit connections from Parcel Group 6 to Downtown Hayward and Hayward BART. All on-street parking must adhere to the parking requirements of the SMU Zoning District.

3. Land Use and Development

The current land use concept for Parcel Group 6 must be consistent with the intent of the SMU District. The site should be developed at relatively high densities and intensities to create a walkable and mixed-use neighborhood. The draft concept contemplates the following:

- Mix of townhomes and multi-family residential units;
- Dedicated student and faculty housing; and,
- Small-scale, neighborhood serving retail and commercial space.

4. Infrastructure Improvements

The site is currently vacant and not serviced by any utilities. The new development will need to include water and stormwater/drainage infrastructure. All electrical and communication facilities will be installed in a joint trench. Utilities will connect with existing infrastructure on Carlos Bee Boulevard via the proposed signalized intersection.

Environmental Review

The Addendum to the GP EIR (Attachment III) was prepared pursuant to CEQA guidelines Section 15164 which states: “the lead agency or a responsible agency shall prepare an addendum to a previously certified EIR if some changes or additions are necessary, but none of the conditions described in Section 15162 calling for preparation of a subsequent EIR have occurred.”

The proposed modifications to the GP EIR described in the Addendum would not require major revisions to the GP EIR due to new or substantially increased significant environmental effects. The analysis contained in the Environmental Checklist confirms that the modified project is within the scope of the GP EIR and will have no new or more severe significant effects and no new mitigation measures are required. Therefore, no subsequent or supplemental EIR or further CEQA review is required prior to approval of the proposed project, as described in the Addendum. The resolution approving findings regarding compliance with CEQA can be found in Attachment II.

Request for Proposals

Upon City Council approval of the MDP and RFP (Attachment VI), the City will issue the RFP to select a developer to execute the proposed vision for development of Parcel Group 6. The City is the landowner of the parcel and therefore has the ability to set the explicit expectations for the future developer. The MDP provides some context for these expectations; however, the RFP further outlines the specific development parameters a developer must meet. This

section briefly summarizes the key land use and development parameters contained within the RFP:

1. Planning Requirements

Any future development will need to provide a diversity and mix of residential product types, up to 500 units. In addition to this, proposals must include a minimum of 125 units of student housing (500 beds in quad style units).

2. 238 Foothill Trail and Parkland Dedication Requirements

Developers will be responsible for constructing the 16-foot wide Hayward Foothill Trail throughout the parcel. The specific location of the trail will require approval by the City and the Hayward Area Recreation and Park District (HARD). The developer will also need to establish a Landscape and Lighting District or other property-based financing mechanism to fund ongoing maintenance of the trail. In addition to this, the developer may have to meet additional Parkland Dedication Requirements.

3. Affordable Housing Requirements

The selected developer will be required to satisfy the requirements of the Affordable Housing Ordinance through the construction of on-site affordable units.

4. Green Development

The selected developer will be required to incorporate green building and landscaping elements in their proposed project that reduce the use of energy, water, and natural resources. No natural gas utilities will be allowed for the development.

5. Transportation Demand Management

In keeping with the goals of the Sustainable Mixed-Use General Plan Designation, developers will be required to submit a Transportation Demand Management (TDM) Plan. The plan must detail strategies on how the development will promote walking, biking, and taking transit to reduce trips in single occupied vehicles. A minimum of 10% trip reduction is required for this development.

TDM plans must also include shuttle access to Downtown Hayward and Hayward BART. This may be accomplished through partnerships with CSUEB and/or AC Transit. Car share, electric bike share (Lime, Lyft, Jump Bikes), and free transit passes for residents are examples of additional TDM strategies the City expects from this development. Lastly, the TDM plan must include strict on-street parking regulations and enforcement.

6. Hayward Resident Priority Preference Plan

Consistent with a recent City Council referral, prospective developers of the remaining 238 properties will be asked to include in their proposals a Hayward Resident Priority Preference Plan for including a priority preference for Hayward residents to purchase or lease market rate units in instances where all other financial considerations are equal, if possible. The Hayward Resident Priority Preference Plan for the leasing and sale of market rate housing units in their development must be pursuant to applicable state and federal Fair Housing laws and state any impact of this program on purchase price.

RFP Process Timeline

Responses to the RFP are tentatively due in January of next year. Following review of the applications, staff will internally rank the proposals and invite finalists to take part in interview panels consisting of staff. The recommended finalist will be brought to the City Council for approval and authorization to enter into an Exclusive Negotiation Agreement (ENA).

Following this, the City will enter into an ENA for a 12-month period to negotiate a Disposition and Development Agreement (DDA). The Developer will be required to obtain concurrent approval of the DDA with the project's site plan and TDM Plan. Tentative Map approvals may take place after DDA approval but prior to closing at a date negotiated in the DDA. The City has no obligations to approve the DDA, site plan, TDM Plan, or Tentative Map.

ECONOMIC IMPACT

No property taxes are currently being paid on these parcel groups. Resale of the parcel groups may partially return them 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.

The sale of the parcel groups 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. The disposition agreement for the project will need to include one or more of these elements as an obligation and/or outcome of the 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.

STRATEGIC INITIATIVES

This agenda item supports the Complete Communities Strategic Initiative. The purpose of the Complete Communities 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 goals:

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

NEXT STEPS

ITEM	GOVERNING BODY	SCHEDULED DATE
Authorization to Enter into Exclusive Negotiations with Selected Developer	Hayward City Council	Spring 2020
Approval of DDA, Site Plan, and TDM Plan	Planning Commission Hayward City Council	Spring 2021

Prepared by: Monica Davis, Community Services Manager

Recommended by: Jennifer Ott, Deputy City Manager

Approved by:



Kelly McAdoo, City Manager