



# CITY OF HAYWARD

Hayward City Hall  
777 B Street  
Hayward, CA 94541  
www.Hayward-CA.gov

## Cover Memo

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**File #:** CONS 16-424, **Version:** 1

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**DATE:** July 19, 2016

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

### **SUBJECT**

Approval of a Second Amendment to the Exclusive Right to Negotiate Agreement with William Lyon Homes, Inc. for a Proposed Development Located in South Hayward near Dixon and Valle Vista Avenues

### **RECOMMENDATION**

That the Council adopts the attached resolution (Attachment I) authorizing the City Manager to enter into a second amendment to the Exclusive Right to Negotiate Agreement (ENRA) with William Lyon Homes, Inc. extending the term of Phase One by forty-five (45) days.

### **BACKGROUND AND DISCUSSION**

On January 19, 2016, the City Council authorized the City Manager to enter into an Exclusive Right to Negotiate Agreement ("ENRA") with William Lyon Homes, Inc. ("Developer") to purchase and develop nearly 18 acres of land in South Hayward in the Dixon and Valle Vista Avenue corridor (see related file CONS 16-017: Authorization to Enter into an Exclusive Right to Negotiate Agreement, January 19, 2016 City Council Meeting). The properties subject to the ENRA are identified in Attachment II to this report.

On June 14, 2016, the City Council authorized the City Manager to enter into a first amended ENRA with William Lyon Homes (see related file CONS 16-259: Approval of an Amendment to an Exclusive Right to Negotiate Agreement with William Lyon Homes, Inc. for a Proposed Development Located in South Hayward near Dixon and Valle Vista Avenues, June 14, 2016 City Council Meeting) to include a provision for the developer to fund the required geotechnical environmental work to identify and/or confirm the presence of earthquake fault traces on several properties subject to the ENRA. Most of the geotechnical work paid for by the first amendment to the ENRA is now complete and the Developer is making adjustments to the development plans they are proposing.

Under the ENRA, the Developer has to complete the following tasks within 120 days of execution of the initial ENRA. These tasks include:

1. Terms of sale of Development Property including purchase price
2. Preconditions to and method of conveyance of Development Property
3. Type of entitlements necessary for the Project
4. Overall design, density and mix of uses within the Project

5. Project development schedule
6. Potential Project financing
7. Project operations/logistics
8. Provision of public improvements if necessary
9. Physical, environmental, and land title conditions of Development Property
10. Green building components of the Project
11. Additional property required for completion of Project (if any).

The end of the 120-day period is July 20, 2016. While the City Manager has the authority to extend Phase One by 30 days, this would make the end date August 19, 2016, which takes place during the August Council recess. This is the genesis for the second amendment. Staff does not recommend moving forward into Phase Two without presenting the City Council the outcomes of Phase One, most importantly the developer's pro forma and other information regarding the terms of sale, the development's overall design, density, and mix of uses.

In order to allow for enough time for staff to review and analyze this information internally, to negotiate with the Developer, and to present everything to the Council, the City Manager requests the authorization to extend Phase One of the ENRA by forty-five (45) days. This will allow enough time for the review of the Phase One tasks and will allow the Council to review the same information at the September 20, 2016 City Council meeting.

## **ECONOMIC AND FISCAL IMPACT**

The potential economic and fiscal impacts of the overall development were discussed in the both the January 19 and June 14, 2016 related staff reports. This amendment to the ENRA will have no fiscal impact on the City at this point in time.

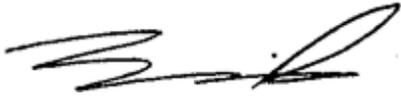
## **NEXT STEPS**

If the Council authorizes this action, the City Manager will execute the second amendment to the ENRA and staff will continue to work with the developer to review the Phase One tasks of the agreement. Following this, Staff will prepare a Council work session to allow Council an opportunity to provide input on the Preliminary Project Plan in late September. Should staff be successful in the negotiations with the developer, the proposed terms and conditions of the final Disposition and Development Agreement would come back to the Council for approval at the end of Phase Two of the ENRA.

*Prepared by:* John Stefanski, Management Analyst I

*Recommended by:* Kelly McAdoo, Assistant City Manager

Approved by:



Fran David, City Manager

Attachments:

Attachment I Resolution

Attachment II Property Map

Attachment III Property Map Key