



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

File #: PH 21-077, **Version:** 1

DATE: September 28, 2021

TO: Mayor and City Council

FROM: Assistant City Manager/Development Services Director

SUBJECT

Mission Crossings Development: Adopt a Resolution Approving a Request to Modify Conditions of Approval Related to Fees, Project Phasing, and Inclusionary Housing and to Add Conditions of Approval Related to Interim Site Improvements, Located at 25501 Mission Boulevard and Berry Avenue, Meritage Homes of California, Inc. (Applicant)/Meritage Homes of California, Inc. and Manchester Hotel Group (Owners)

RECOMMENDATION

That the Council approves the request from Meritage Homes of California, Inc., to modify the conditions of approval, Conditions #4 (Fees), #164 (Inclusionary Housing), and #166 (Project Phasing) and to add conditions of approval, Conditions #167 and #168 (Interim Site Improvements) by adopting the attached resolution (Attachment II and Exhibit A).

SUMMARY

The Mission Crossings site originally housed an automobile dealership and generated tax revenue to the City for a number of years. With the increased demands by auto dealers to have more visibility from freeways, many of the auto dealership sites in Hayward were abandoned. That said, there has always been a strong desire by the City to maintain commercial uses along the Mission Boulevard frontage, which is demonstrated in the adopted zoning and the identification of this project site as a catalyst retail site in the Economic Development Strategic Plan (EDSP).

The original Mission Crossings project proposed by developer, Meritage Homes of California, Inc. (Meritage), included plans for 140 townhome-style condos and a 93-room hotel along with additional retail space. As part of the original project, Meritage requested a reduction in the acreage of the commercial overlay zone to increase the number of housing units. As part of the final approved conditions of approval for the Mission Crossing project, the Council imposed a phasing condition, requiring the hotel and retail be constructed in step with the residential units, in consideration for granting the reduction in the commercial overlay zone. Ultimately, the Council supported the project because it aligned with their adopted goals for the site, by constructing a hotel and maintaining the commercial frontage along Mission Boulevard.

In July 2020, Meritage Homes and Manchester approached City staff to discuss issues associated with the Project Phasing condition (#166) in light of the COVID-19 pandemic's economic impacts on the hospitality industry. They requested that Council consider a modification to the Condition of Approval #166 (Project Phasing) that would allow them to complete and receive certificates of occupancy for the residential units for which they had already pulled building permits and hold the remaining 14 units until such time as a temporary or permanent plan for the frontage parcel could be secured. At the September 15, 2020 Council meeting, Council considered and denied the request to modify the condition of approval because of their desire and commitment to have the hotel built and/or commercial development on that frontage.

In April 2021, staff received a second application from Meritage requesting that the City amend the Project Phasing condition of approval, #166, for the Mission Crossings project by removing it altogether. Their application explains that it is impossible for hotel developers to secure financing due to the ongoing COVID-19 pandemic and its effect on the hospitality industry. The second request offered no concessions, added public benefits, or assurances that the frontage will be developed with either the entitled hotel and retail or some other commercial use in exchange for being granted relief from the Project Phasing condition.

In September 2021, Meritage amended their request again to modify the Project Phasing condition of approval by offering additional changes to the conditions of approval, including: advancing payment of all remaining fees; deed restricting 14 for-sale units at moderate income levels in addition to payment of all affordable housing in-lieu fees; implementing up to \$200,000 in aesthetic and visual improvements to the front parcel; expediting access to the community space/urban garden; and providing safe, interim pedestrian access to the site from Dollar/Torrano. These changes are reflected in amended conditions of approval 4, 164, and 166 and new conditions of approval 167 and 168. Staff is recommending approval of Meritage's updated request.

ATTACHMENTS

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| Attachment I | Staff Report |
| Attachment II | Resolution |
| Attachment III | Exhibit A: Revised Conditions of Approval |
| Attachment IV | Meritage Request |
| Attachment V | RES 17-057 |