



DATE: April 7, 2026
TO: Mayor and City Council
FROM: City Manager
SUBJECT:

Adopt a Resolution (1) Authorizing the City Manager to Negotiate and Execute an Agreement to Transfer the Open Space Subdivision of Parcel Group 8 to Hayward Area Recreation and Park District and Grant an Easement for a Trail Across the Market Rate Middle Segment, and (2) Finding that the Transfer is Exempt from California Environmental Quality Act Review

RECOMMENDATION

That the City Council adopts a Resolution (1) authorizing the City Manager to negotiate and execute an agreement to transfer the open space subdivision of Parcel Group 8 to the Hayward Area Recreation and Park District (HARD) and to grant an easement to HARD for a trail across the Market Rate Middle Segment, and (2) finding that the transfer is exempt from CEQA review.

SUMMARY

The purpose of this agenda item is to authorize the City Manager to negotiate and execute an agreement to transfer the Open Space Segment of Parcel Group 8 to HARD. This action is consistent with prior City Council direction and discussions in 2020, 2024, and 2025 regarding the intended disposition of the Open Space Segment.

The City of Hayward entered into a Purchase and Sale Agreement (PSA) with the California Department of Transportation (Caltrans) in January 2016 for ten parcel groups comprised of former State Route 238 properties. These properties are being managed to implement the City's vision for redevelopment, including housing, open space, and economic development opportunities.

Parcel Group 8 has been subdivided into three segments: (1) Affordable Housing Segment, (2) Open Space Segment, and (3) Market Rate Middle Segment. This subdivision was authorized by Caltrans to allow independent development and disposition of each segment.

Consistent with prior City Council direction and community engagement, the Open Space Segment is intended to be transferred to HARD for expansion of Carlos Bee Park. This transfer

fulfills the City's park dedication requirements associated with the overall development of Parcel Group 8 and supports long-term community benefits.

FISCAL IMPACT

By transferring this property to HARD, the City will no longer be responsible for property maintenance, which reduces operating costs.

BACKGROUND

Following the abandonment of the State Route 238 Bypass Project, Caltrans began disposing of surplus properties. In 2016, the City entered into a PSA with Caltrans to acquire and manage ten parcel groups to ensure development aligns with the City's land use policies and community vision.

Parcel Group 8 is a complex site spanning both the City of Hayward and unincorporated Alameda County, with varying zoning and land use designations. Between 2019 and 2022, the City conducted extensive community outreach, including meetings with neighborhood groups, municipal advisory councils, tenants, and regional stakeholders.

Based on this outreach, the City developed a three-part strategy for Parcel Group 8:

1. Affordable Housing Segment – Partner with Resources for Community Development (RCD) to construct new affordable housing and rehabilitate existing units. The project is expected to deliver approximately 82 new affordable units and rehabilitate existing units, contributing toward the City's Regional Housing Needs Allocation (RHNA) goals.
2. Open Space Segment – Dedicate land to HARD to facilitate the expansion of Carlos Bee Park and provide recreational amenities to the community.
3. Market Rate Middle Segment – Pursue a market-rate residential development that includes trail improvements and generates land value sufficient to satisfy the City's financial obligations under the PSA.

Caltrans agreed to authorize the separate and independent subdivision and development of the three distinct segments described above and, on September 15, 2020, the City Council memorialized that the proposed affordable housing development and open space dedication for Parcel Group 8 satisfies the City's park dedication and affordable housing obligations for any new housing proposed on the Market Rate Middle Segment.

As previously presented to the City Council in the August 19, 2025 staff report regarding the Second Amendment to the Disposition, Development, and Loan Agreement (DDA), the Affordable Housing Segment is being advanced in partnership with Resources for Community Development (Developer), whose mission is to create and preserve affordable housing, build community, and enrich lives.

DISCUSSION

The proposed action in the attached resolution authorizes the transfer of the Open Space Segment of Parcel Group 8 to HARD.

This transfer is a key component of the City's overall strategy for the site and reflects years of community input prioritizing open space and recreational amenities. Additionally, this action includes authorization for the City Manager to grant an easement to HARD for a trail across the Market Rate Middle Segment, further enhancing connectivity and public access throughout the site.

HARD's ownership and management of the site will ensure long-term public access, maintenance, and integration with the existing Carlos Bee Park. The transfer also allows the City to meet its park dedication obligations without requiring additional resources from future development.

The transfer is consistent with prior Council actions, Caltrans requirements, and the broader development framework for Parcel Group 8. Additionally, the transfer is categorically exempt from CEQA review pursuant to Section 15613, 15325 and 15204 of the California Code of Regulations.

ECONOMIC IMPACT

While the Open Space Segment will not generate property tax revenue, its transfer to HARD will provide significant community benefits, including expanded parkland, recreational opportunities, and enhanced neighborhood quality of life.

The overall Parcel Group 8 strategy is expected to generate economic benefits through development of the Market Rate Middle Segment, which will produce new property tax revenue, and through the Affordable Housing Segment, which will leverage substantial external funding and support housing stability.

Additionally, development of Parcel Group 8 is anticipated to generate construction jobs, long-term economic activity, and increased surrounding property values.

STRATEGIC ROADMAP

This action supports the City's Strategic Priority of Growing the Economy and advancing housing and community development goals. Specifically, it aligns with ongoing efforts to implement redevelopment of remaining Route 238 parcel groups.

PUBLIC CONTACT

The proposed transfer is the result of extensive public outreach conducted between 2019 and 2022. Engagement included community meetings, coordination with advisory councils, tenant discussions, and collaboration with regional agencies and stakeholders.

NEXT STEPS

Following Council approval, staff will finalize and execute the transfer agreement with HARD and complete all necessary steps to convey the Open Space Segment and Grant an Easement for a Trail Across the Market Rate Middle Segment.

Prepared by: Tracy Irvin, Real Property Manager

Recommended by: Mary Thomas, Assistant City Manager

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott".

Jennifer Ott, City Manager