



DATE: June 16, 2026

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Adopt a Resolution Designating City-Owned Properties at Oak Street (APNs 415-0160-051-00, 415-0160-052-00, 415-0160-053-00, 415-0170-036-00, and 415-0170-037-00), AT Overlook Avenue (APNs 445-0170-020-06 and 445-0180-001-00), AT Harder Road (APNs 078C-0800-001-01, 078C-0800-029-00, 078C-0800-030-00, 078C-0800-031-00, 078C-0800-032-00, 078C-0800-033-00, 078C-0800-034-00078C-0800-035-00, 078C-0800-036-00, 078C-0800-037-00, 078C-0800-038-00, 078C-0800-039-00, 078C-0800-040-00, 078C-0800-041-00, 078C-0800-042-00, and 078C-0800-043-00) AT Carlos Bee Blvd. (APN 445-0200-012-04), as Surplus Land, Authorizing Notices of Availability, and Finding the Action Exempt from California Environmental Quality Act Review

RECOMMENDATION

That the City Council adopt a resolution declaring four groupings of City-owned properties as surplus land pursuant to the California Surplus Land Act (Government Code Section 54220 et seq.) and authorizing the City Manager to issue Notices of Availability consistent with the requirements of the California Surplus Land Act. The properties include Oak Street (APNs 415-0160-051-00, 415-0160-052-00, 415-0160-053-00, 415-0170-036-00, and 415-0170-037-00), AT Overlook Avenue (APNs 445-0170-020-06 and 445-0180-001-00), AT Harder Road (APNs 078C-0800-001-01, 078C-0800-029-00, 078C-0800-030-00, 078C-0800-031-00, 078C-0800-032-00, 078C-0800-033-00, 078C-0800-034-00078C-0800-035-00, 078C-0800-036-00, 078C-0800-037-00, 078C-0800-038-00, 078C-0800-039-00, 078C-0800-040-00, 078C-0800-041-00, 078C-0800-042-00, and 078C-0800-043-00) AT Carlos Bee Blvd. (APN 445-0200-012-04). Adoption of the resolution will allow the City to initiate the Surplus Land Act notification process prior to any potential future disposition or redevelopment of the properties. Staff further recommends that this action is found exempt from the California Environmental Quality Act (CEQA) because it does not constitute a project under CEQA.

SUMMARY

The Surplus Land Act (SLA), Government Code section 54220, et seq., requires a local agency to follow specific procedural steps before disposing of land or negotiating to dispose of land that is no longer needed for the agency's use. The steps generally involve (1) adopting a resolution declaring the property surplus or exempt surplus, (2) sending notices of availability to

entities designated in the SLA, primarily affordable housing developers/sponsors, and (3) negotiating in good faith for ninety (90) days with any entity that submits a notice of interest within sixty (60) days of the issuance of the notice of availability.

This item involves the including approximately 79.46 acres located along Harder Road, identified as Assessor's Parcel Numbers (APNs) 078C-0800-001-01, 078C-0800-029-00, 078C-0800-030-00, 078C-0800-031-00, 078C-0800-032-00, 078C-0800-033-00, 078C-0800-034-00, 078C-0800-035-00, 078C-0800-036-00, 078C-0800-037-00, 078C-0800-038-00, 078C-0800-039-00, 078C-0800-040-00, 078C-0800-041-00, 078C-0800-042-00, and 078C-0800-043-00 (collectively, "Parcel Group 4 Properties"); approximately 29.80 acres located at Overlook Avenue, identified as APNs 445-0170-020-06 and 445-0180-001-00 ("Parcel Group 6 Properties"); approximately 4.87 acres located at Carlos Bee Boulevard, identified as APN 445-0200-012-04 ("Parcel Group 7 Property"); and approximately 4.53 acres located along Oak Street, identified as APNs 415-0160-051-00, 415-0160-052-00, 415-0160-053-00, 415-0170-036-00, and 415-0170-037-00 (collectively, "Parcel Group 9 Properties"). The Parcel Group 4 Properties, Parcel Group 6 Properties, Parcel Group 7 Property, and Parcel Group 9 Properties (collectively, the "Properties").

Staff recommends that the City Council adopt a resolution declaring these parcels as surplus pursuant to the SLA. Staff also recommend that the Council authorizes the City Manager or their designee to begin the surplus property notice of availability process consistent with the Surplus Land Act. If the City receives notices of interest in the parcels, staff will return to Council for further direction.

FISCAL IMPACT

The sale of these properties will reduce the City's annual maintenance cost, resulting in a positive impact to the City's General Fund. In addition, if these properties are sold to private owners, the City will receive corresponding annual property tax.

The sale of these parcels may result in net revenue for the City to help restore the City's General Fund reserves. The base price for the properties has been determined by State of California, Department of Transportation (State) within the purchase and sales agreement between the City and State. If the sale price is greater than the base price, the net proceeds will go to the City's General Fund.

BACKGROUND

The City of Hayward entered into a Purchase and Sales Agreement (PSA) with Caltrans in January 2016 to acquire 10 parcel groups comprised of properties acquired by Caltrans for the State Route 238 expansion project. Caltrans has transferred those properties to the City subject to the City managing the disposition and development of these parcel groups with the goals of removing blight, enhancing community involvement in the development process, and creating economic and public benefits, such as job generating uses and trails and parks. As the City sells or transfers particular parcels, the City is obligated to repay Caltrans the negotiated purchase prices for the various parcel groups under the PSA. Table 1 provides the current status of the disposition of the parcel groups.

TABLE 1: STATUS OF 238 PARCEL GROUPS

PARCEL GROUP	STATUS	ENTITY	EST. DISPOSITION TIMELINE	ESTIMATED UNIT COUNTS	AFFORDABLE UNIT COUNT
1 AND 10	Sold / Construction Complete	William Lyon Homes (SOHAY)	2018 - transferred	472 (approved)	48 (approved)
2	Sold / Under Construction	The True Life Companies (Mirza)	2021 - transferred	189 (approved)	20 (approved)
3	Sold / Under Construction	Eden Housing and The Pacific Companies	2022 - transferred	176 (approved)	176 (approved)
4	In Process to Surplus	City of Hayward	2029	3	0
5	Entitlements and DDA Approved (now expired)	Trumark Properties, LLC	2027	92 (under review by Developer)	18 (under review by Developer)
6	In Process to Surplus	City of Hayward	2029	300	30
7	Lower lot - Sold and operating	One Subaru of Hayward	2020 - transferred	0	0
7	Upper lot- In Process to Surplus	City of Hayward	2029	0	0
8	Affordable Housing: Execution of DDA approved Open Space: Under negotiations Market Rate: Developer solicitation in future	AH: Resources for Community Development OS: HARD MR: City of Hayward	2027 2026 2029	89 (approved) 100	89 (approved)
9	In Process to Surplus	City of Hayward	2029	TBD	TBD
TOTAL				1,403	381¹

¹ Staff estimates 27% of total Route 238 Corridor Lands Development residential units will be affordable.

As a result, the City has determined that the subject properties are surplus to its needs and is now pursuing their disposition to return the sites to productive use consistent with City goals and applicable regulations.

DISCUSSION

Before disposing of, or negotiating disposition of surplus land, the SLA requires the City to follow specific procedural steps. First, the City Council must declare the land to be surplus or

exempt surplus at a public meeting. Next, the City must send Notices of Availability (NOA) of the property to (1) the California Department of Housing and Community Development (HCD), (2) specified public entities within whose jurisdiction the surplus land is located, and (3) any housing sponsors certified by California Housing Finance Agency (CalHFA) that have provided notice to HCD of their interest in receiving SLA notices. Thirdly, the City must negotiate in good faith for no less than ninety (90) days with any entity that submits a notice of interest within sixty (60) days of the issuance of NOA.

If no notices of interest are received in a timely manner, or good faith negotiations do not result in an agreement on disposition within the ninety (90) day negotiating period, the City may dispose of the property without further regard to the SLA, subject only to the requirement that a covenant is recorded against the property imposing affordability conditions on any development involving construction of ten (10) or more residential units on the property. At least 15% of the total units must be sold or rented at affordable housing cost to lower income households as defined by state law and must remain affordable for at least 55 years for rental housing and 45 years for ownership housing.

HCD and the Attorney General have authority to enforce the SLA. A local agency that is found to be in violation of the SLA for the first time faces monetary penalties of 30% of the property's disposition value, which is the greater of the fair market value and the actual sale price. Subsequent violations result in penalties of 50% of disposition value. The penalty is required to be deposited in a local housing trust fund and used within five (5) years, otherwise the funds will revert to the State. Staff have determined that properties are no longer necessary for the City's use and may be declared surplus.

ENVIRONMENTAL REVIEW

The designation of the parcels as surplus is exempt from review under CEQA pursuant to CEQA Guidelines Section 15378(b)(5) and 15061(b)(3). The action is an organizational or administrative activity that will not result in direct or indirect physical changes to the environment and does not have the potential for causing a significant effect on the environment. If the parcels are subsequently conveyed, any development applications related to the parcels will be subject to environmental review as required by law.

ECONOMIC IMPACT

The proposed disposition of these parcel groups has the potential for positive economic benefits. A goal of disposition is to encourage development of currently vacant sites that may result in new residential units, which would beautify the sites and increase surrounding property values. While the City will continue take steps to encourage development, actual development will rely on market conditions, which the City does not control.

STRATEGIC ROADMAP

This agenda item is a routine operational item and does not relate to any of the six priorities outlined in the Council's Strategic Roadmap.

PUBLIC CONTACT AND NEXT STEPS

Upon adoption of the attached resolution, the City Manager and staff will send a NOA to all entities required to receive notice under the SLA and HCD's Surplus Land Act Guidelines. If notices of interest are received within the 60-day NOA timeframe, staff will return to Council for further direction prior to commencing negotiations.

Prepared by: Tracy Irvin, Real Property Manager

Recommended by: Mary Thomas, Assistant City Manager
Michael Lawson, City Attorney

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott", written over a horizontal line.

Jennifer Ott, City Manager