



**CITY OF HAYWARD
AGENDA REPORT**

AGENDA DATE June 9, 1998
AGENDA ITEM _____
WORK SESSION ITEM _____

TO: Redevelopment Agency Board Members

FROM: Director of Community and Economic Development

SUBJECT: REPLACEMENT HOUSING PLAN FOR THE PROPOSED RETAIL PROJECT BY AMERICAN STORES PROPERTIES, INC. - LUCKY PROJECT

RECOMMENDATION:

It is recommended that the Agency Board adopt the Replacement Housing Plan for the retail project that is proposed by American Stores Properties, Inc.

BACKGROUND:

The Agency is negotiating with American Stores Properties, Inc. for a proposed retail project, which includes a Lucky/Sav-on supermarket and additional retail shop space. The proposed development site currently contains four dwelling units in total which will be removed if the project proceeds. Of these four units, three are believed to be rented to low to moderate-income households. In order for the Agency Board and City Council to consider approval of the project, state redevelopment law requires that the Agency first adopt a Replacement Housing Plan for the low and moderate-income housing units that will be removed as a result of the project. The Plan must be adopted at least 30 days prior to consideration of a Disposition and Development Agreement (DDA). It is anticipated that a DDA for the proposed American Stores/Lucky project will be presented to the Agency Board and City Council for consideration this July. Therefore, the attached plan has been prepared in anticipation of the upcoming project.

In accordance with state redevelopment law, the Agency must replace all low to moderate-income housing units that are removed as a result of a redevelopment project. At least 75% of the replacement units must be made affordable to households at or below the income levels of the households in the units that were removed. The Plan may also state that the Agency has met its replacement-housing requirement as a result of providing assistance in developing specific affordable housing developments.

The attached Replacement Housing Plan addresses the fact that the Agency has already met its replacement housing obligation with respect to the three low and moderate-income housing units that would be removed by the proposed project. Over the past 8 years the City and Redevelopment Agency have used the Low and Moderate Income Housing Fund to assist the development of approximately 100 new affordable housing units. Projects funded by the Low and Moderate Income Housing Fund include the E.C. Magnolia Court development on Watkins Street, the Glen Eden Apartments on A Street, and the Glen Berry Apartments on Berry Avenue. If

ATTACHMENT 'A'
REPLACEMENT HOUSING PLAN
FOR AMERICAN STORES PROPERTIES, INC.
LUCKY/SAV-ON STORE SITE

INTRODUCTION

Legal Requirements

The Hayward Redevelopment Agency ("Agency") has received a proposal from American Stores Properties, Inc. (ASPI) to develop a retail project on a five-acre site located at A Street and Mission Boulevard in the Downtown Redevelopment Project Area. The project would be anchored by a Lucky/Sav-on supermarket. Pursuant to the California Community Redevelopment Law (the "Redevelopment Law"), Health and Safety Code Section 33413, when residential units housing persons of low or moderate income are removed from the housing market or are destroyed as part of a redevelopment project subject to a written agreement with the Agency, the Agency is required to rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed, an equal number of replacement housing units within a period of four years. That section also requires that seventy-five percent (75%) of these replacement dwelling units shall be available for sale or rent at a cost affordable to households of the same income category as those households displaced from the destroyed or removed units. This Plan addresses the replacement housing requirements for the proposed project.

Housing Units On The Proposed Site

There are a total of four dwelling units, including three apartments and a single family house on the proposed Lucky/Sav-on Market retail site. Two (2) units on the site appear to house very low income households. One (1) unit houses a low income household, and the fourth unit is occupied by an above moderate-income household. This information was derived from the Relocation Plan developed by Associated Right of Way Services, Inc. and will be confirmed when relocation activities begin.

DESCRIPTION OF AND LOCATION OF REPLACEMENT HOUSING

Legal Requirements

In accordance with Section 33413.5 of the Health and Safety Code, the Plan must include the following:

- (1) The general location of housing to be rehabilitated, developed or constructed pursuant to Section 33413 of Redevelopment Law;
- (2) An adequate means of financing such rehabilitation, development or construction;
- (3) A funding that the replacement housing does not require the approval of voters pursuant to Article XXXIV of the California Constitution, or that such approval has been obtained;

- (4) The number of dwelling units housing persons and families of low to moderate income planned for construction or rehabilitation; and
- (5) The timetable for meeting the plan's relocation, rehabilitation and replacement housing objectives.

The Development Site

As noted above four dwelling units in total would be removed from the proposed development site. The mix of sizes, income levels, and unit types are as follows:

2-Two Bedroom Units

- 1 occupied by a very low income household
- 1 occupied by a low income household

2-Three Bedrooms:

- 1 occupied by a very low income household
- 1 occupied by an above-moderate income household

This Replacement Housing Plan addresses the requirement to replace the three (3) low and very-low income housing units. In accordance with Redevelopment Law, all replacement housing units will have an equal number of bedrooms as those removed.

The Glen Berry Apartments

In order to mitigate the removal of this housing stock, the following activities have been undertaken. Prior to the removal of any housing stock affordable to very low, low and moderate income households, the Redevelopment Agency provided gap financing monies from the Low and Moderate Income Housing Fund to Eden Housing, Inc., a private nonprofit housing developer, to build 50 units of affordable housing called the Glen Berry Apartments on Berry Avenue in Hayward. The first mortgage was provided by a private lender and additional financing was provided through Low-Income Housing Tax Credits, state Rental Housing Construction Program and Community Development Block Grant Funds. The development consists of 18 two bedroom units, 29 three bedroom units, and 3 four bedroom units of rental housing. All rental units are restricted to eligible households at affordable rent levels by the terms of a Regulatory Agreement which specifies the exact terms of the affordability component for at least 55 years, which is not less than the period of the land use controls established in the Redevelopment Plan for the geographic area in which the replacement units are located.

Potential Relocation of Existing Triplex Apartment Units

As part of the negotiations for the proposed project the Agency and the developer will explore the feasibility of moving and converting the existing tri-plex to affordable housing. One of the issues to be explored will be the potential to offer the existing tenants the option to move back into the building.

AFFORDABILITY

Legal Requirements

Health and Safety Code Sections 50052.5 and 50053 define affordable housing for owner occupied and rental units. Income categories are generally defined as follows: Very Low Income (up to 50% of area median income), Low Income (up to 80% of area median income) and Moderate Income (up to 120% of area median income) adjusted for household size. Affordable housing costs are defined as 30% of the gross monthly household income.

The Glen Berry Apartments

At the Glen Berry Apartments all of the replacement units for the site are affordable at levels equal to those units removed from the housing stock, as follows:

1 two bedroom unit is designated for occupancy and occupied by a very low income household;

1 three bedroom unit is designated for occupancy and occupied by a very low income household;

1 three bedroom unit is designated for occupancy and occupied by low income households.

ARTICLE XXXIV FINDING

Article XXXIV provides that no low rent housing project shall be developed, constructed or acquired in any manner by any state public body until approved by a majority of the qualified voters in the affected city, town or county. Sections 37001 and 37001.5 of the Health and Safety Code set forth exclusions from the application of Article XXXIV. The provision of replacement housing pursuant to the Plan did not require the approval of the voters pursuant to Article XXXIV of the California Constitution because these units were developed by a private nonprofit developer and the development is owned by a partnership of private parties. Governmental entities acted only in the capacity of lenders providing financing for the Glen Berry Apartments.

RELOCATION TIMETABLE

The Agency has prepared a Relocation Plan for the proposed retail project by ASPI, in accordance with provisions of the California Relocation Assistance Act. This Relocation Plan is scheduled to be brought before the City Council for approval in conjunction with the proposed Disposition and Development Agreement in July, 1998. The projected timetable for the displacement of persons from the proposed project site is from July, 1998 through January, 1999 depending upon whether the property is acquired by negotiation or eminent domain

DRAFT

PM 5-12-98

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

2140

RESOLUTION NO. RA-_____

Introduced by Agency Member _____

**RESOLUTION APPROVING THE REPLACEMENT
HOUSING PLAN FOR THE LUCKY'S/SAV-ON RETAIL
STORE PROJECT PROPOSED BY AMERICAN STORES
PROPERTIES, INC.**

WHEREAS, pursuant to the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq.), the Redevelopment Agency of the City of Hayward (the "Agency") has adopted a Redevelopment Plan (the "Redevelopment Plan") for the Downtown Hayward Redevelopment Project (the "Project"); and

WHEREAS, American Stores Properties, Inc. ("ASPI") has proposed the development of a Lucky's/Sav-on retail store project on an approximately five-acre site located within the Project between "A" Street, Mission Boulevard, "B" Street and Montgomery Avenue (hereafter the "Lucky's Retail Proposal") and has requested the execution of Development and Disposition Agreement with the Redevelopment Agency; and

WHEREAS, the development of the Lucky's Retail Proposal will result in the elimination of three dwelling units which are occupied by low and very-low income individuals; and

WHEREAS, Health and Safety Code section 33413.5 requires the Redevelopment Agency to adopt a Replacement Housing Plan providing for the replacement such dwelling units within four years in accordance with Health and Safety Code section 33413, if such units will be removed or destroyed in connection with the implementation of the proposed Development and Disposition Agreement for the Lucky's Retail Proposal; and

WHEREAS, the Redevelopment Agency staff has prepared a Replacement Housing Plan which was considered by the Redevelopment Agency board at a public hearing held at least 30 days prior to the consideration of a proposed Development and Disposition Agreement for the Lucky's Retail Proposal, and the approval of such Replacement Housing Plan is exempt from the requirements of the California Environmental Quality Act;

NOW, THEREFORE BE IT RESOLVED by the Redevelopment Agency board that it hereby approves the Replacement Housing Plan prepared for the Lucky's Retail Proposal, which is attached as Exhibit A to this resolution, as having been prepared in compliance with Health and Safety Code section 33413 and 33413.5

HAYWARD, CALIFORNIA _____, 1998

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
Secretary of the Redevelopment Agency
of the City of Hayward

APPROVED AS TO FORM:

General Counsel