

**REDEVELOPMENT AGENCY**  
**AGENDA REPORT**

AGENDA DATE 03/16/99  
AGENDA ITEM 8  
WORK SESSION ITEM \_\_\_\_\_

**TO:** Redevelopment Agency Board  
**FROM:** Executive Director  
**SUBJECT:** Resolution Authorizing the Execution of an Agreement to Negotiate Exclusively with the Olson Company, Inc., for the Development of Residential Adjacent to City Hall

**RECOMMENDATION:**

It is recommended that the Redevelopment Agency Board authorize the Executive Director to execute an agreement to Negotiate Exclusively for a period of 120 days with The Olson Company, Inc. for the development of residential on Site II adjacent to City Hall.

**BACKGROUND/DISCUSSION:**

On October 6, 1998, the Redevelopment Agency Board (Agency) authorized staff to circulate to the development community a Request for Proposals (RFP) for an office and residential mixed-use development project desired on Site II adjacent to City Hall. It was indicated that the development of the site should be consistent with the goals already contemplated for the site. With respect to residential, the goal is to provide a project that is similar in density to that which has occurred at Atherton Place and the Lincoln property at D Street and Grand Avenue.

The RFP indicated that the Agency desired a mixed-use development that would further the Agency's vision of downtown to be a transit-based, densely developed, mixed-use, pedestrian-oriented neighborhood. The RFP allowed for proposals that could be for separate office or residential developments, or a mixed-use development of office and residential. The Agency received two proposals for a residential development and one letter of interest for an office development. Since that time, the letter of interest to develop office on the site has been withdrawn.

The residential proposals were received from Hayman Homes, Inc. and The Olson Company, Inc. Staff's evaluation of each proposal has indicated The Olson Company, Inc. as having the most responsive overall proposal.

As part of its proposal, the Olson Company proposes to construct up to 91 townhomes. These "For Sale" units would range in size from about 1,250 square feet up to nearly 1,700 square feet. Each unit would have 3 bedrooms, and 2.5 baths. Subject to approval of final business terms, and the condition of the market, it is anticipated the units would be priced in the \$200,000 to \$220,000 range.

The Olson Company was founded in 1988, with the goal of developing high quality "For Sale" residential developments in communities throughout California. The firm has four key development areas of focus: urban downtown housing; urban master planning; affordable housing; and transit-oriented development.

To date, The Olson Company has formed 27 public/private partnerships to build housing. The firm has built some 1,800 residential units (single- and multi-family) throughout the state - with about 300 units built in the communities of Pleasant Hill and Pittsburg.

Staff proposes to negotiate exclusively with The Olson Company, Inc. (as Developer) for a period of 120 days to establish the terms and conditions of a Disposition and Development Agreement (DDA) for the Agency to consider. Among other things, the DDA would establish land sale proceeds to be paid by the Developer to the Agency for the site, site layout and residential unit design, actions necessary to comply with the California Environmental Quality Act (CEQA), and a schedule of performance for construction and sale of the residential units.

#### **KEY ELEMENTS OF THE AGREEMENT**

**DURATION OF THE AGREEMENT.** The duration of the ENA shall be for a period of 120 days. During this period the Agency and Developer will endeavor to negotiate the terms and conditions of a Disposition and Development Agreement (DDA).

**DEPOSIT.** The Developer will be required to submit to the Agency a good faith cash deposit in the amount of \$25,000. During the period of the ENA, this deposit will cover various Agency administrative costs (e.g. legal counsel, surveys, engineering, consultants, etc.).

**DEVELOPER'S FINANCIAL CAPACITY.** Prior to the execution of a DDA, the Developer shall submit to the Agency satisfactory evidence of its ability to finance and complete development of the Site, including construction and long-term financing.

**ENVIRONMENTAL DOCUMENTS.** The Agency shall prepare any and all environmental documents required for the proposed development under CEQA. Any costs, fees and charges associated with the requirements of CEQA shall be paid by the Developer, unless otherwise agreed by the Agency.

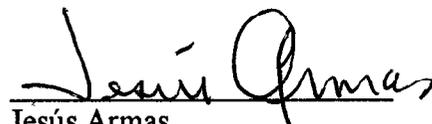
**LIMITATIONS OF THE AGREEMENT.** Execution of the ENA by the Agency is merely an agreement to enter into a period of exclusive negotiations according to the terms set forth in the ENA reserving final discretion and approval by the Agency and City as to a potential DDA with the Developer.

Finally, if staff and the developer are successful in their negotiations, a DDA could be completed for Agency and City consideration by the end of summer.

Prepared by:

  
Gordon R. Anderson  
Assistant City Manager

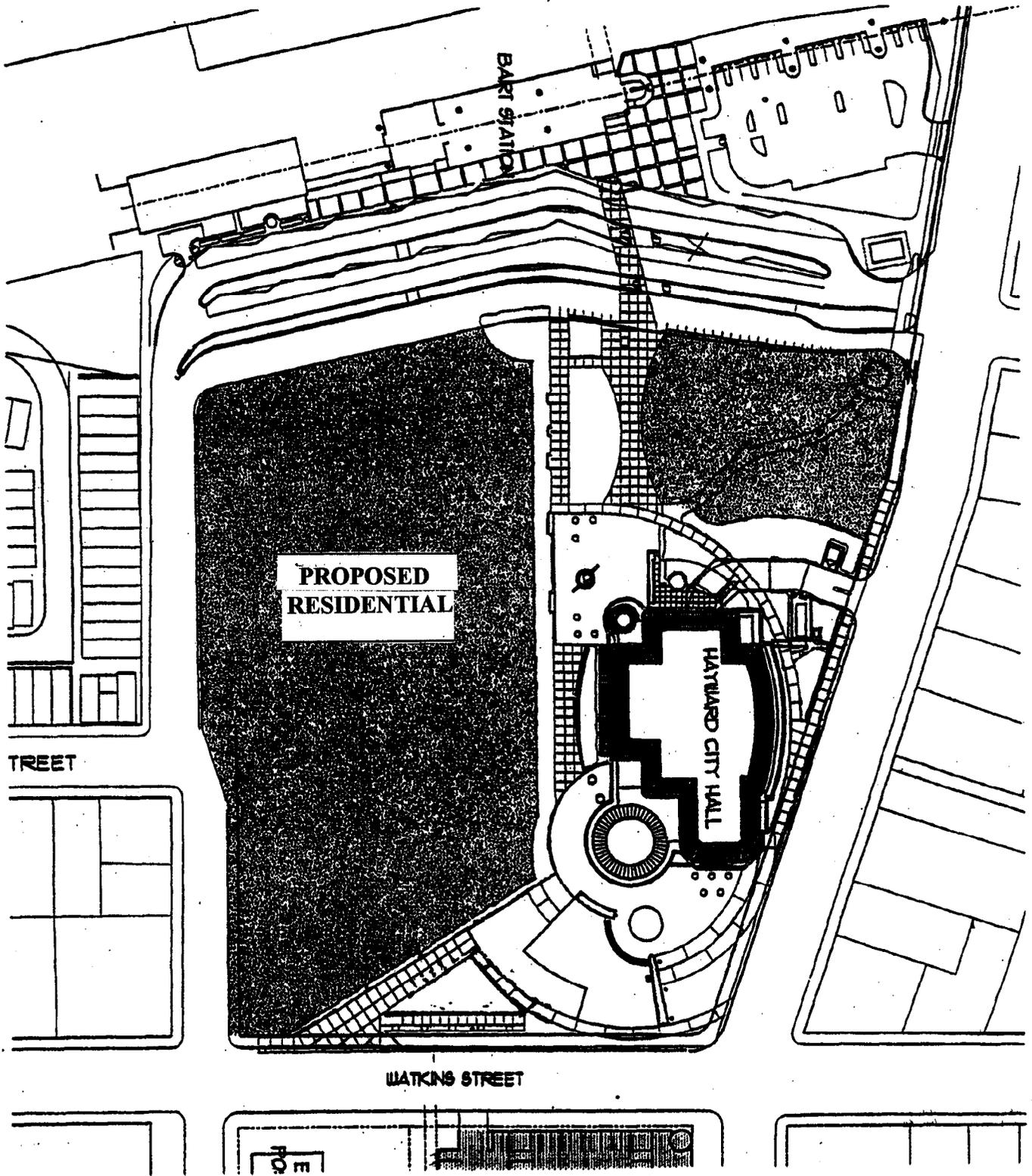
Approved by:

  
Jesús Armas  
City Manager

Attachments:

Exhibit A - Site Map  
Resolution

Exhibit A - SITE MAP



**DRAFT**

*On 3-11-99*

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA- \_\_\_\_\_

Introduced by Commissioner \_\_\_\_\_

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT TO NEGOTIATE EXCLUSIVELY WITH THE OLSON COMPANY, INC., REGARDING SITE II ADJACENT TO CITY HALL

BE IT RESOLVED by the Redevelopment Agency of the City of Hayward that the Executive Director is hereby authorized and directed to execute on behalf of the Redevelopment Agency that certain Agreement by and between the Redevelopment Agency of the City of Hayward and The Olson Company, Inc., for exclusive negotiations concerning the development of residential on redevelopment Site II adjacent to City Hall, for a period of 120 days, in a form to be approved by the City Attorney. .

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_ , 1999

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward