

DATE: April 6, 2010

TO: Redevelopment Agency Board Members

FROM: Redevelopment Director

SUBJECT: Implementation Plan for the Downtown Hayward Redevelopment Project for Fiscal Years 2010 through 2014

RECOMMENDATION

That the Agency Board conducts a public hearing regarding the proposed Downtown Hayward Redevelopment Project Implementation Plan for Fiscal Years 2010 through 2014, and that the Agency Board subsequently approve the attached resolution adopting the Implementation Plan.

BACKGROUND

California Redevelopment Law requires the Redevelopment Agency to conduct a public hearing and subsequently adopt an Implementation Plan for the Redevelopment Project Area every five years. The Implementation Plan describes goals and objectives for the Project Area, potential programs and projects, and the estimated expenditures to be made during the five years covered by the Plan. The Implementation Plan also describes how the Agency would use its Low and Moderate Income Housing Fund to increase, improve, and preserve low and moderate income housing.

The time period covered by the new Implementation Plan is Fiscal Years 2010 through 2014. The Agency Board previously adopted an Implementation Plan for the Project Area in December 2005 for the Fiscal Years 2005 through 2009. In January 2008, the Agency Board conducted a mid-term review of the 2005-2009 Implementation Plan as required by Redevelopment Law.

While the Agency is required to adopt a Five-Year Implementation Plan, annual budget decisions by the Agency Board will determine the actual amounts of funding allocated to any particular program or project, and the inclusion of an estimated amount in an Implementation Plan does not constitute approval that amount. If on the other hand, the Agency seeks to undertake major new activities that are not included in the Five-Year Plan, the Plan should be amended to include those new activities. The Plan must also be reviewed by the Agency Board in the middle of its five-year term.

DISCUSSION

2005-2009 Implementation Plan Activities: Since the Implementation Plan was last updated in 2005, the Agency has continued its revitalization efforts in the Downtown Area, and has expanded its focus in the Burbank-Cannery Sub-Area and the Mission-Foothill Sub-Area. In the Downtown, the Cinema Place retail/entertainment complex and parking structure were completed. Two initiatives were launched including the Downtown Retail Attraction Program and the Downtown Clean and Safe Program. Additionally, in an effort to redevelop the City Center Campus site, the Agency entered into an Exclusive Negotiating Agreement with the owners of the 11-story office tower.

In the Burbank-Cannery Area, the Agency continued implementation of the Cannery Area Design Plan. In partnership with the Hayward Unified School District and the Hayward Area Park and Recreation District, the Agency acquired land for, and funded construction of the new Burbank School, the expanded Cannery Park, and related street improvements. The Agency also assisted with funding for a 60-unit senior citizen housing development at C & Grand Streets.

In the Mission-Foothill Sub-Area the Agency completed the South Hayward BART/Mission Boulevard Concept Design Plan to serve as a guide for redevelopment of the area. To further refine that plan, the South Hayward BART-Mission Boulevard Form-Based Code project was initiated. In an effort to reduce blight along Mission Boulevard, the Agency initiated land acquisition along the west side of Mission Boulevard between Sycamore Avenue and Pinedale Court for future redevelopment opportunities. Finally, the Agency and City completed new sidewalk improvements in the Calhoun-Webster Neighborhood east of Mission Boulevard.

Proposed 2010-2014 Implementation Plan Activities: The proposed Implementation Plan largely calls for a continuation of activities that have already been started - the most significant of these being the South Hayward BART Transit-oriented Development. In order to accomplish these goals, significant potential funding requirements are identified in the Plan. However, as the nation is emerging from a major economic recession, the Agency is forecasting its first ever decline in tax increment in FY 2010. This, coupled with extraordinarily large proposed takes of tax increment by the State, could severely impact the Agency's efforts to accomplish many of the activities that are included in the proposed Implementation Plan.

Nevertheless, in the event that the current legal challenge against the State's proposed tax increment takeaway is successful and that the economy rebounds, the following activities are included in the proposed Plan. Costs for these projects should be considered preliminary estimates, subject to change:

Downtown and 1987 Annex:

- Complete environmental remediation of Cinema Place, alley and garage murals, and lighting: \$550,000
- Continued implementation of Downtown Retail Attract Program: \$2,500,000
- Re-evaluate the Downtown Plan: \$500,000
- Redevelopment of City Center Campus: \$4,500,000

- Downtown Clean & Safe activities: including complete electrical upgrade for commercial buildings: \$400,000 (funded in FY 2009)
- Downtown Gateways: Maple Court and DeAnza Park at Foothill: \$200,000 (funded in FY 2009 and prior years)
- Relocation of Hayward Area Historical Society: privately funded
- Redevelopment/Re-use of Mervyns Headquarters Site: privately funded

Burbank- Cannery:

- Environmental case closure for Burbank School/Cannery Park site: \$100,000
- Redevelopment of Residual Burbank School Site (environmental contingency): \$250,000
- Construction of Cannery Area/Railroad Pedestrian Bridge: seek grant funding
- Landscaping and sidewalk improvements along C Street: seek grant funding
- Continued redevelopment of Cannery properties south of Burbank School: privately funded
- Promote redevelopment of former Owens-Brockway glass manufacturing facility: privately funded, possible traffic upgrades needed

Mission-Foothill:

- South Hayward BART/Mission Boulevard Form-Based Code: \$250,000
- South Hayward BART Transit-Oriented Development Public Improvements: \$12,700,000
- Mission Boulevard Specific Plan - Harder Road to Grove: \$600,000
- Assemblage of Mission Boulevard properties - Sycamore to Pinedale Court: \$5,500,000
- Minor Home Repair Program Targeted for Webster/Calhoun Neighborhood: \$250,000
- Development of Parks in South Hayward BART/Mission Corridor: seek grant funding
- Promote redevelopment of former Holiday Bowl site: privately funded

Proposed Affordable Housing Activities: In the Affordable Housing activities section of the Implementation Plan, it is proposed that approximately 240 new units will be built in the Project Area during this five-year period, as follows:

- South Hayward BART Senior and Family Affordable Housing developments – 206 units
- A and Walnut Affordable Housing Site – 14 units estimated
- B and Grand Senior Housing Addition – 22 units estimated

The Agency has conditionally committed \$7.1 million to the South Hayward BART affordable housing effort. In addition, the Agency purchased the A and Walnut Site from the City of Hayward in FY 2009 at a cost of \$705,000. It is expected that the Agency will acquire the B and Grand property from Citation Homes, as part of the inclusionary housing requirements for the Cannery Place development. In addition, it is expected that moderate-income affordable units will be created as a result of the development of sixteen units at Cannery Place, approximately nine units at C and Main, and nine units at the Burbank Residual Site, in accordance with the City's Inclusionary Housing Ordinance.

Other activities utilizing Redevelopment Low/Moderate Income Housing Funds include the rehabilitation of the 96-unit Tennyson Gardens Apartments, which was approved in FY 2010 for a

loan of \$1,500,000, and \$2,000,000 for a home purchase down payment loan program for eligible tenants in the Route 238 Right of Way.

It should be noted that the Implementation Plan includes several new reporting requirements with respect to affordable housing fund expenditures for low and very-low income households as well as for family households. In addition, this section is required to include projections for affordable housing expenditures and units produced over an additional five-year period, through FY 2019.

ECONOMIC IMPACT

Redevelopment powers and funding constitute one of the most powerful economic development and affordable housing tools available to California cities. The adoption of the Five-Year Implementation Plan is the primary mechanism for prioritizing the activities of the Agency. This Plan contemplates up to approximately \$28 million in proposed redevelopment capital and project expenditures, and up to \$16.5 million in affordable housing expenditures, depending on funds available. Redevelopment funding and activities leverage major private-sector investment, and eliminate blight in the community.

FISCAL IMPACT

Adoption of the attached Implementation Plan does not commit the Agency to expend funds for any of the projects that are included in the Plan; however, it does provide guidance for the dedication of resources to redevelopment and affordable housing activities over the next five years.

PUBLIC CONTACT

The Hayward Redevelopment Advisory Committee met on January 13, and again on February 17, 2010 to review the draft Implementation Plan and priorities. At its meeting on February 17, 2010, the Committee adopted the following motions with respect to the Implementation Plan:

Motion No. 1: The top priority activity for Redevelopment Agency funding in the Downtown sub-area should be to re-evaluate the Downtown Plan in light of the economic impacts of the Route 238 "Downtown Mini-Loop".

Motion No. 2: The Hayward Redevelopment Advisory Committee also strongly encourages the development of a specific plan for the Mission Boulevard Corridor from Harder Road north to Jackson Boulevard, as a priority expenditure item.

Motion No. 3: A second priority for the expenditure of funds should be to plan for the Mission Boulevard from A Street to Grove Way.

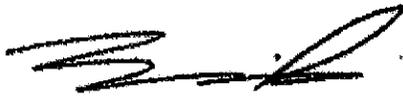
The draft Five-Year Implementation Plan has also been posted, pursuant to State law, in four places throughout the Project Area: at the Hayward City Hall, both branch libraries, at Burbank Elementary School, and at Moreau Catholic High School. Finally, the April 6 public hearing was legally noticed three times in the Daily Review, again pursuant to State law.

NEXT STEPS

Upon holding the public hearing, staff recommends that the Agency Board adopt the proposed Implementation Plan FY 2010-2014, with any changes the Agency Board may choose to make. The adopted Plan will be posted to the City's web-site, and made available to the public at City Hall. Staff will schedule a review of this plan in mid-2012.

Prepared by: Maret Bartlett, Redevelopment Director

Approved by:



Fran David, Acting City Manager

Attachments:

Attachment I	Resolution
Attachment II	Implementation Plan for the Hayward Redevelopment Project Area FY 2010-2014

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA-_____

Introduced by Agency Member _____

RESOLUTION APPROVING AN IMPLEMENTATION PLAN FOR THE DOWNTOWN HAYWARD REDEVELOPMENT PROJECT AREA FOR FISCAL YEARS 2010 THROUGH 2014

WHEREAS, the City Council of the City of Hayward has approved and adopted a Redevelopment Plan for the Downtown Hayward Redevelopment Project Area (the "Project Area"); and

WHEREAS, pursuant to Health & Safety Code section 33490, the Redevelopment Agency of the City of Hayward (the "Agency") is required to conduct a noticed public hearing on, and to adopt an implementation plan for the Project Area (the "Implementation Plan"); and

WHEREAS, Agency staff has prepared and presented to the Agency a proposed Implementation Plan, a copy of which is on file with the Agency Secretary; and

WHEREAS, on the date of this resolution, the Agency has conducted and concluded a duly noticed public hearing on the Implementation Plan in accordance with Health & Safety Code section 33490; and

WHEREAS, the Agency finds that the Implementation Plan, with any modifications as considered and approved in connection with the public hearing, constitutes a statement of the Agency's goals and objectives for the project Area, a summary of the specific programs and estimated expenditures proposed to be made by the Agency during the next five years, and an explanation of how the goals and objectives, projects, and expenditures will eliminate blight within the Project Area and implement the affordable housing requirements of the Community Redevelopment Law; and

WHEREAS, pursuant to Health & Safety Code section 33490, approval of the Implementation Plan does not constitute a project for purposes of the California Environmental Quality Act ("CEQA"), and therefore no environmental documentation is required pursuant to CEQA.

NOW, THEREFORE, BE IT RESOLVED, that the Agency hereby approves and adopts the Implementation Plan for the Downtown Hayward Redevelopment Project Area FY 2010 - FY 2014.

Attachment II

**IMPLEMENTATION PLAN
FOR THE DOWNTOWN
HAYWARD REDEVELOPMENT
PROJECT AREA
FY 2010 - FY 2014**

April 6, 2010

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IMPLEMENTATION PLAN 2010 - 2014

INTRODUCTION

In accordance with State law, the Hayward Redevelopment Agency (Agency) is required to adopt a Five Year Implementation Plan for its Downtown Hayward Redevelopment Project Area, containing the following information:

- Specific goals and objectives for the next five years.
- Specific programs, including potential projects, and estimated expenditures for the five year Implementation Plan period.
- An explanation of how the goals, objectives, programs and potential projects, and expenditures will help to eliminate blight.
- Description of how the Agency would implement the California Redevelopment Law (CRL) requirements related to the provision and preservation of Low and Moderate-Income housing.

The Agency adopted its most recent Implementation Plan (2005-2009) on December 6, 2005, and performed the mid-term review of the plan in January 2008.

Time Period Covered by the Implementation Plan

The planning period specifically covered by this Implementation Plan is the five year period from Fiscal Year 2009-2010 through Fiscal Year 2013-2014. In addition, information for later years is provided in the housing portion of the Implementation Plan, as required by the CRL. The affordable housing production plan contained in Section D below covers the five year period from FY 2009-2010 through FY 2013-2014, and the ten year period through FY 2018-2019.

Purpose of the Implementation Plan

The Implementation Plan is intended to provide general guidance for the implementation of the Agency's redevelopment program. It is expected that particular constraints and opportunities, not fully predictable at this time, will arise during the course of undertaking this program. Therefore, the Agency intends to use and interpret this Implementation Plan as a flexible guide. The Agency's specific projects and activities, as actually implemented over the next five years, may vary in their precise timing, location, cost, expenditure, scope, and content from those set forth in this document. As long as the underlying purpose and effect of the projects and activities, as actually implemented, are consistent with the purpose and intended effect articulated in the Implementation Plan, an amendment to this Implementation Plan will not be required. This Implementation Plan is organized as follows:

- A. Background Information Regarding the Downtown Hayward Redevelopment Project Area ("Project Area").
- B. Goals and objectives of the Redevelopment Plan.

- C. Five year program for non-housing redevelopment activities, including the expenditures that the Agency intends to make for non-housing activities during the FY 2009-2010 through FY 2013-2014 Implementation Plan period.
- D. Affordable housing activities, including affordable housing production obligations, housing programs, housing set-aside revenues and expenditures, and five year annual projection goals.

Wherever possible the information is presented separately by the following three major sub-areas of the Project Area: 1) the Downtown sub-area;¹ 2) the Burbank-Cannery sub-area; and 3) the Mission-Foothill sub-area.

A. BACKGROUND

1. Project Area Description

The Downtown Hayward Redevelopment Project Area ("Project Area") consists of 1,348 contiguous acres of commercial, industrial, and residential land uses located in the downtown Hayward vicinity. This includes the original 222-acre Downtown Hayward Project Area and three subsequent additions commonly known as the 1987 Annex (18 acres); the Burbank Cannery sub-area (370 acres); and the Mission-Foothill sub-area (738 acres). These three annexations were adopted in 1987, 1998, and 2001, respectively.

The Project Area contains several commercial districts, including the downtown business district and the entire length of Mission Boulevard. In addition, the Project Area contains several governmental, cultural, and recreational facilities. There are also a number of residential neighborhoods in the Project Area.

The following table sets forth the current time limits associated with the Project Area and the Redevelopment Plan:

Redevelopment Project Sub-areas	Eminent Domain	Redevelopment Plan Time Limits		
		Debt Incurrence	Plan Expiration	Debt Repayment
Original	11/10/10	01/01/14	12/30/18	12/30/28
1987 Annex	11/10/10	04/21/17	12/30/23	12/30/28
Burbank/Cannery	11/10/10	11/10/18	11/10/29	11/10/44
Mission/Foothill	6/26/13	10/25/21	06/25/32	06/25/47

2. Prior Accomplishments

FY 2005-2009

There was a significant amount of activity in the Project Area during the five year period covered by the 2005-2009 Implementation Plan. A summary of the major Agency activities and accomplishments for each of the sub-areas is presented below.

¹ Includes the original Downtown Project Area, plus the 1987 Annex.

DOWNTOWN SUB-AREA: The Downtown sub-area includes the historic downtown of Hayward, which was once a regional shopping destination. In 1992 the Downtown Design Plan was adopted in order to create a blueprint for responding to the variety of blighting conditions that resulted in a stagnant, decaying core. Today, this area is being re-made as a mix of residential, office, retail, and entertainment uses designed to create an exciting new downtown community that retains the best of its historic features.

The following is a description of Agency-sponsored projects that were developed in the Downtown sub-area during the prior Implementation Plan period:

Municipal Parking Lot Two: In July 2005, construction was completed on a \$1.7 million expansion and reconfiguration of Municipal Parking Lot Two. In an effort to provide more parking for downtown businesses and also for theater patrons at the proposed Cinema Place, an existing surface parking lot in a downtown block bounded by A and B Streets, Foothill Boulevard, and Main Street was expanded through the acquisition of privately owned land immediately to the north of the lot. As a result, the parking capacity, which previously had 92 spaces, can now accommodate 180 vehicles. Additionally, the parking lot features new landscaping, lighting, and second entrance located on A Street to afford better access and circulation.

Renaissance Walk: During the summer of 2005, the Olson Company completed the development of a 46-unit condominium development across from the main library on a block bounded by C, D, Watkins, and Atherton Streets. Twenty-two of the units were priced affordable to moderate-income homebuyers, and the remaining twenty-four units were sold at market rate. To facilitate the development, the Agency assembled, cleared, and performed environmental remediation on the seventeen-parcel site at a total cost of approximately \$5 million. The site was then sold to the developer for \$2 million, resulting in a \$3 million land write-down which enabled the developer to build the affordable units. The Agency also carried a note back for the land cost plus \$500,000 for deferred City building permit fees. This loan was paid off in installments by the developer as each unit was sold, and the Agency has been paid in full.

City Hall Parking Structure and B Street Marketplace: The City and Agency completed construction of the 320-stall, two-level City Hall parking structure and adjoining B Street Marketplace retail center in 1999. In 2005, after the B Street Marketplace center was fully-leased, the retail center and parking garage were sub-divided pursuant to a condominium plan and the retail portion was sold to a private owner for \$3.65 million. In an effort to provide more parking for the B Street Marketplace, City Hall visitors and employees, and nearby merchants, a third level was added to the parking structure, increasing total capacity to 498 stalls. The addition was completed at a cost of \$3.5 million in July 2005.

Cinema Place: In July 2004 the Agency adopted the initial Disposition and Development Agreement (DDA) with Blake-Hunt Ventures for this 56,000 square foot retail/theater development which includes a 12-screen movie theatre, two-story retail entertainment center, and a parking garage with 244 parking spaces. The DDA was amended in May 2005 and amended again in March 2007, at which time the Agency approved a \$1.5 million site preparation loan for the project. Construction of the Cinema Place development began in August of 2007. The theatre opened to the public in October 2008 and the first tenant, Zuckersuss Yogurt, in the two-story food-oriented retail complex opened in early 2009. A second tenant, Wing Stop restaurant, opened in mid 2009. Leasing activities are ongoing, and have been hindered by the recent recessionary economy. The Cinema Place Parking Garage was constructed at a cost of \$7.2 million by the Agency and was completed in December 2007 prior to the opening of the theater.

City Center Campus: In August 2007, the Agency issued a Request for Proposals (RFP) for the redevelopment of the Hayward City Center campus east of Foothill Boulevard, which encompasses the privately-owned 11-story office building, Centennial Hall, and the City-owned parking structure. Subsequently the owner of the office building entered into a contract to sell the building to the MIKA Realty Group (MIKA). In May 2008, the Agency entered into an Exclusive Negotiating Agreement (ENA) in which the Developer proposed to retrofit and rehabilitate the office building, demolish Centennial Hall and replace it with a new 153-room hotel and conference center, and to retrofit the parking structure and to construct 162 units of housing above it. MIKA submitted a development application in June 2008 for the project. In January 2009, the ENA was extended to allow for additional time to continue negotiations and processing of the development application. The recent economic recession, including difficulty in obtaining construction financing, has hindered the progress of this project. In the event that the project does not proceed, the City and Agency will consider other redevelopment options for the site in 2010.

Downtown Clean & Safe Activities: In December 2007 the Agency appropriated \$543,000 to improve environmental conditions in the downtown area including over 40 upgraded or additional street lights along portions of B Street and over 40 new trash containers in the Downtown. In addition, funds were appropriated from the Hayward Business Improvement District and from Community Development Block Grant funds to improve downtown and sidewalk cleanliness. Staff also worked with local faith-based organizations to address the needs of the downtown homeless population, including food distribution programs and restroom facilities. The Agency is currently working to upgrade electrical capacity for retail spaces along B and Main Streets by installing a new transformer in Muni Lot Two. Finally, Agency staff is presently exploring ways and means to improve and upgrade electrical plugs at the bases of B Street trees, and to upgrade and maintain decorative tree lighting.

Downtown Retail Attraction Program: In FY 2005-2006, the Agency funded \$500,000 to develop the Downtown Retail Attraction Program to fill persistent vacancies in downtown retail properties. The program provides loans to property owners and businesses to bring in targeted retailers. The first two loans under the program were approved during FY 2007-2008 in the amounts of \$50,000 and \$150,000. Both loans were for tenant improvements to create two new restaurants in the downtown, Teriyaki Express and Bijou Restaurant & Bar. Subsequently, the Agency has made two additional loans in the amounts of \$30,000 and \$49,500 for the Golden Tea Garden and Yogurt Sugar Shack & Deli, respectively, both of which are new businesses in the downtown. Additional funding in the amount of \$1,500,000 was approved for the program in FY 2008-2009. This program is ongoing, and in late 2009 the focus of this program has shifted to the Foothill Boulevard commercial "strip". Efforts on Foothill Boulevard will emphasize exterior rehabilitation of retail spaces in the two blocks north of B Street.

During the Implementation Plan for FY 2004-2005 through FY 2008-2009, the Agency continued to make progress in alleviating blight. In 2006 construction of the **City Hall Tot Lot** was completed at the former historic City Hall, which was funded by the Hayward Rotary Club, the City of Hayward, and the Agency. In FY 2009 the **Mural Art Project** was initiated in an effort to deter graffiti vandalism to commercial buildings and graffiti prone utility boxes. The program is funded from a variety of sources including tax increment and CDBG funds.

BURBANK-CANNERY SUB-AREA: This area consists of approximately 370 acres and is located primarily in the Burbank neighborhood just west of downtown. This sub-area includes the former Hunt-Wesson Cannery, which ceased operations in 2000. In 2001, the City adopted the Cannery Area Design Plan in order to plan for the orderly transformation of the older industrial uses in that area.

The following is a description of Agency-sponsored projects that were developed in the Burbank-Cannery sub-area during the prior Implementation Plan period:

New Burbank Elementary School, Expanded Cannery Area Park, and Cannery Area Streets and Infrastructure: Pursuant to the Cannery Area Design Plan and a Public Facilities Development Agreement (PFDA) entered into between the Agency, the City of Hayward, the Hayward Unified School District (HUSD), and the Hayward Area Recreation and Park District (HARD), the Agency assembled and cleared properties by 2006 for the construction of the new Burbank Elementary School, and for the expansion of Cannery Park, and related street improvements. The Agency financed the development of the Cannery Area public facilities through the sale of tax allocation bonds in 2004 for approximately \$38 million and in 2006 for approximately \$10.7 million. The infrastructure improvements were substantially completed by the end of 2006. Construction on the new Burbank Elementary School began in the spring of 2007, and the school and park were completed by August 2008.

Residual Burbank School Site: Pursuant to the PFDA for the new Burbank Elementary School, the site of the existing Burbank School was transferred to the Agency in August 2008. It is the Agency's intent to sell the site for redevelopment as housing. The proceeds of the sale will be used to defray the cost to construct the new school, pursuant to the PFDA. The Agency issued an RFP in May 2007 to solicit proposals from housing developers. In October 2007, SCS Development dba Citation Homes Central was selected as the developer, and in July 2008 the Agency entered into an ENA with Citation to develop 60 single-family homes on the site. As a result of the downturn in the housing market, economic recession, negotiations for the housing development stalled and the ENA was terminated by mutual agreement of both parties. It is the Agency's intent to issue a new RFP for the site when the housing sector improves.

BURBANK-CANNERY AREA – other non-Agency sponsored activities:

Grand Terrace: The second phase of this residential development was completed in the summer of 2005 by Pulte Homes. The development consists of 235 town houses and is located on the eastern portion of the Burbank-Cannery Area within a short walking distance to the Downtown.

The Terraces at Cross Creek: This residential development on the western edge of the Burbank-Cannery Area by Braddock & Logan Homes consists of 112 duets and town homes, and is currently under construction. Due to current market conditions, the developer is presently offering these for-sale units on a lease basis.

Cannery Place: In December 2005, Citation Homes and Felson Companies received approval for the development of 628 units of housing on the southeastern edge of the Burbank-Cannery Area. Subsequently, Citation gained control of the entire development, and sold a portion of it to Meritage Homes. Site grading and construction was underway in 2007; however, in early 2008 Meritage abandoned its portion of the development due to housing market conditions. In the summer of 2009, the Meritage development was acquired by Integral Communities, who has obtained approval to increase the density of the development. Sixteen units of housing have been completed, and Citation is presently constructing an additional 28 units. The completed units are being leased until market conditions improve.

MISSION- FOOTHILL SUB-AREA: This area consists of the entire length of Mission and Foothill Boulevards within the City of Hayward extending north and south of the Downtown.² In 2001, this area was added to the Project Area to provide revitalization strategies for selected older neighborhoods, landscaped gateway treatments along the corridor, development of transit-oriented housing in the vicinity of the South Hayward BART Station, preservation and enhancement of the Mission Boulevard "Auto Row;" and the revitalization of the north Mission Boulevard commercial corridor.

² A portion of the Mission/Foothill corridor was included within the original Downtown Project Area.

The following is a description of Agency-sponsored projects that were developed in the Mission-Foothill Area during the prior Implementation Plan period:

South Hayward BART /Mission Boulevard Concept Design Plan: This plan was adopted in June 2006, and extends along Mission Boulevard from Harder Road to Industrial Boulevard, including the South Hayward BART Station. The plan promotes intensified land uses to encourage the development of a transit-friendly, smart-growth area near the South Hayward BART Station, and an enhanced Mission Boulevard corridor that is compatible with surrounding neighborhoods. In the summer of 2009, the Agency funded the **South Hayward BART/Mission Boulevard Form-Based Code Project**, which will further refine the concept, vision, and design guidelines of the 2006 plan with zoning regulations, subdivision standards, and design standards, all in one document.

South Hayward BART/Mission Boulevard Concept Design Plan Implementation: In March 2009 a transit-oriented development by Wittek and Montana was approved at the South Hayward BART Station parking lots and former Perry and Key site along Mission Boulevard. The project consists of a mixed-use retail and housing development including 788 units of housing and a Safeway lifestyle store. The proposal includes 125 affordable family apartments and 81 affordable senior apartments to be developed by Eden Housing. Wittek and Montana have entered into an exclusive negotiating agreement with BART. Included in the project is a 910-space parking garage for BART patrons, which provides replacement for 75% of the existing parking. The total cost of the project will be approximately \$242 million. In order to offset a portion of the affordable housing and infrastructure cost, the City through Eden Housing submitted an application for Proposition 1C funds, consisting of \$17 million for TOD Housing grant funds and \$30 million for infill infrastructure. In June 2009, the State Department of Housing and Community Development (HCD) approved the full \$47 million grant request for the project. The Redevelopment Agency has conditionally committed to provide local matching funds of up to \$19.8 million including \$12.7 million for public improvements and \$7.1 million for affordable housing.

Mission Boulevard Corridor Specific Plan: During the summer of 2009 the Agency funded and the City issued a request for proposals from consultants to prepare a specific plan for the Mission Boulevard corridor from Harder Road north to Jackson Street and from A Street north to the City limit line. The end result will be new land development regulations that create vital neighborhood centers, corridors, and livable neighborhoods to revitalize the corridor. The strategy is to coordinate the plan with the Alameda County Redevelopment plan.

Banner Program for Mission Boulevard/Hayward Auto Row: This project was identified as a “first step” program to help create identity and focus for the

Hayward Auto Row dealers. Funding was approved by the Agency in the amount of \$50,000 in April 2008 and the banners were completed shortly after.

Revitalization Strategies for Selected Neighborhoods (Calhoun/Webster east of Mission Boulevard): The Agency funded and the City undertook construction of new public infrastructure on Douglas Street, which was completed in the fall of 2008 at a cost of \$947,000. The improvements included installation of new curbs, gutters, and sidewalks. The Agency has also provided funding to extend the City's home rehabilitation programs to this neighborhood.

Pinedale-Sycamore/Mission Boulevard Properties: In FY 2009 the Agency acquired and cleared four parcels of the eight parcels on the west side of Mission Boulevard between Sycamore Avenue and Pinedale Court at a cost of \$3.5 million. The initial acquisitions included significantly blighted properties, which had been subject to fire damage. The Agency's intent is to assemble the block for redevelopment purposes. The Agency will continue to pursue acquisitions of these parcels as funds permit.

MISSION-FOOTHILL AREA – other non-Agency sponsored activities:

Moreau Catholic High School: In FY 2009, Moreau Catholic High School completed a \$9.5 million renovation to the school main building which was constructed in 1969. The renovated building features a new state-of-the-art library, as well a new facade and entrance on Mission Boulevard. Additionally, the school adopted a 20-year master plan to replace some of the older buildings on the campus.

Mission Boulevard/Hayward Auto Row: As a result of that recent economic recession, the auto industry nationwide experienced a major restructuring during the FY 2009. The impact has significantly affected Hayward's Auto Row resulting in the closure of several new and used auto dealerships, as well as related ancillary businesses. Preliminary discussions have been held with two auto dealers regarding potential for Agency assistance in retaining their dealerships, possibly through land acquisition and disposition arrangements. Pending the results of the Mission Boulevard planning activities currently underway, and as funding is available, staff will continue to explore ways to assist in retaining the remaining auto dealers.

FY 2004-2009 Implementation Plan Period: Agency Non-Housing Revenues and Expenditures by Sub-Area

The following tables indicate the Agency's Non-Housing revenues and expenditures by Sub-Area. The Agency may legally spend its revenues anywhere within the Project Area; however, the Burbank-Cannery sub-area and the Mission-Foothill sub-area are significant additions to the Original Downtown Redevelopment Project with distinct revitalization needs. As a result, an effort will be made to ensure that expenditures in each sub-area

will be approximately equivalent to the revenues generated from each sub-area over the life of the Project Area. The report prepared below is for non-housing revenues only. Under state law, the Agency is able to spend its affordable housing funds where they can be best used on a City-wide basis. In prior years, for example, a significant portion of the Agency's housing funds were spent on the City-wide First Time Buyer Program.

Prior Implementation Plan Period Non-Housing Revenues

Fiscal Year	Downtown 1987 Annex	Burbank- Cannery	Mission- Foothill	Other Revenue*	Total
2005	2,791,056	1,548,049	1,289,442	704,967	6,333,514
2006	3,162,838	2,201,440	1,959,574	190,774	7,514,627
2007	3,679,949	2,981,095	2,511,470	5,758,388	14,930,902
2008	4,085,385	2,803,834	2,777,170	984,222	10,650,611
2009	4,196,207	2,850,298	3,057,664	787,994	10,892,164
Total	\$17,915,435	\$12,384,716	\$11,595,321	\$8,426,345	\$50,321,817
% Total	35.6%	24.6%	23.0%	16.7%	100.0%

Source: Redevelopment Agency Financial Statements, and Annual Tax Increment Statements
 *Does not include 2004 & 2006 Tax Allocation Bonds net proceeds of approximately \$37.1 and \$10.7 million proceeds, respectively.

Prior Implementation Plan Period Non-Housing Expenditures

Fiscal Year	Downtown- 1987 Annex	Burbank- Cannery	Mission- Foothill	Debt	ERAF/ Pass Thru's	Admin.	Total Expenditures
2005	4,518,116	1,462,427		292,283	916,912	1,756,749	8,946,487
2006	845,045	2,272,265	290,000	260,791	1,227,238	1,115,215	6,010,554
2007	7,015,278	10,638,300		293,813	1,008,199	1,052,901	20,008,491
2008	3,542,719	22,522,173	50,000	1,898,619	1,353,510	1,540,603	30,907,624
2009	990,279	5,675,845	4,592,840		1,704,515		12,963,479
Total	\$16,911,437	\$42,571,010	\$4,932,840	\$2,745,506	\$6,210,374	\$5,465,468	\$78,836,635
% Total	21.5%	54.0%	6.3%	3.5%	7.9%	6.9%	100.0%

Source: Redevelopment Agency Financial Statements

B. GOALS AND OBJECTIVES OF THE REDEVELOPMENT PLAN

The central goal of the Redevelopment Plan is to:

“Provide an improved physical, social, and economic environment which will establish this area as a center of community activity, containing a viable mixture of commercial and residential development, open space, public and related uses.”

Within this broad goal, the Redevelopment Plan identifies goals and objectives which emphasize the elimination of blighting conditions and constraints that interfere with successful revitalization and development of the Project Area. These include:

- a. Beautification and enhancement of the Project Area to create an improved visual environment and to promote comfort, convenience, safety, and visual unity.
- b. Creation of a safe and efficient transportation and traffic circulation system.
- c. Creation and/or expansion of off-street parking facilities, including surface lots and multiple story structures.
- d. Provision of public facilities which will be needed to support the revitalization of downtown which may include but will not be limited to public buildings, recreation facilities, open space, and utilities.
- e. Provision of expanded living and employment opportunities through the creation of suitable parcels of land for private development of housing and commercial uses.

The goals listed above emphasize the elimination of blighting conditions and constraints that interfere with successful revitalization and development of the Project Area. In addition to these goals, the Agency has identified the following specific objectives for the following two sub-areas:

Burbank-Cannery

- To preserve and enhance established residential areas, with particular attention to preserving significant structures and landscaping resources of the B Street corridor, between Grand Street and Burbank Street.
- To implement the goals and policies of the City’s General Plan and the Burbank and Santa Clara Neighborhood Plans.
- To promote appropriate re-use of existing obsolete buildings where possible.
- To consider projects that eliminate conditions of blight, provide needed infrastructure or other public improvements, or address issues of land use incompatibility.

Mission-Foothill

- Develop attractive entryways to identify neighborhood and City entrances.

- Increase the amount and upgrade the quality of open space, public parks, and recreational and community facilities.
- Support quality affordable and market rate housing.
- Institute a program to improve, establish and upgrade pedestrian amenities, public parking, transit and other circulation improvements along arterial roadways.
- Attract neighborhood-serving commercial uses.
- Install public improvements as needed in neighborhood areas.
- Support commercial developments that increase the revenue base, create jobs and serve the needs of the community.
- Seek ways to improve the capacity of auto dealerships by clustering uses, developing common area facilities, and implementing streetscape, signage, and promotional programs.
- Develop a conceptual mixed use improvement plan for the area around the South Hayward BART station.

Through the non-housing and housing activities described below, the Agency will implement the Redevelopment Plan to achieve its goals in accordance with the purposes and policies of the CRL as well as the City's General Plan and Growth Management Plan.

C. NON-HOUSING REDEVELOPMENT ACTIVITIES

The CRL requires that the Implementation Plan address the following areas:

1. Blighting Conditions which will be alleviated by Redevelopment
2. Agency Non-Housing Activities and Costs over the Five Year Planning Period
3. Projected Five Year Implementation Plan Revenues and Expenditures
4. Relationship between Projects and Blighting Conditions

1. Blighting Conditions Which Will Be Alleviated by Redevelopment

The Project Area has been improved substantially by public and private actions since the adoption of the Redevelopment Plan in 1975. However, blighting conditions described in the original Report on the Plan as well as subsequent amendments to the Plan continue to affect the Project Area. These conditions include the following:

Downtown

- A relatively high commercial vacancy rate in downtown buildings
- Property underutilization
- A number of deficient and substandard buildings

Burbank-Cannery

- Poorly maintained, deteriorated residences
- Deteriorated and dilapidated industrial buildings and outbuildings

- Back lot developments that appear to be overcrowded
- Incompatible uses or impaired investments
- Substandard lots
- Vacant or underutilized land

Mission-Foothill

- Severely deteriorated structures
- Properties with hazardous materials contamination
- Structures with insufficient seismic foundation connections
- Community preservation violations
- Obsolete commercial and residential properties
- Inadequate public infrastructure
- Small and irregularly shaped parcels
- Higher percentage of absentee ownership than other parts of the city
- Overcrowded dwelling units

2. Agency Non-Housing Activities Over the Five Year Planning Period

As described above, the Project Area suffers from a variety of physical and economic blighting conditions. These conditions must be reversed in order for Hayward to attain its full economic potential. For each of the three major sub-areas, this section describes the specific projects and activities in the Redevelopment Program for the current Implementation Plan period. For each of the proposed activities, cost estimates are provided in the accompanying tables. The nature and scope of the projects and expenditures were determined primarily by the Agency's objectives for the Project Area, available revenues for funding projects and activities, and blighting factors to be eliminated within the Project Area. Through its annual budget process, the Agency will translate the objectives and projects described in this section into specific budget expenditures allocated between the three sub-areas using the non-housing funds that are expected during the Implementation Plan period. Thus, actual expenditures in any year will vary subject to the annual budget process.

Downtown Sub-area

Agency-sponsored Activities

1. Continue and complete environmental remediation of Cinema Place site, an entertainment-oriented development located at the southwest corner of B Street and Foothill Blvd. Cinema Place Alley lighting and decorative murals were completed in FY 2010.
2. Continue implementation of Downtown Retail Attraction Program to fill vacancies in commercial properties. Efforts will be expanded to include the Foothill Boulevard retail "Strip" between Maple Court and C Streets, and will focus on building façade rehabilitation and access to parking. A project to

improve Downtown core-area electrical upgrade for commercial buildings is currently underway.

3. Re-evaluate Downtown Plan: 1) Plans for future library, historic Plaza and City Hall area, 2) location of arts/cultural resources, parking resources and operations, 3) Foothill Boulevard commercial strip, 4) economic impacts of Route 238/Mini-Loop on Downtown business, and 5) Downtown wayfinding & signage.
4. Facilitate the redevelopment of the City Center Campus, including Centennial Hall site, the City Center Parking Structure, and a privately owned office tower. Funding estimates include the acquisition of the City-owned properties.
5. Continue Downtown Clean and Safe initiatives, including downtown electrical upgrades for commercial buildings, decorative street tree lighting.
6. Complete Gateways at Maple Court, DeAnza Park, and at A Street and Mission Boulevard.

Other Activities

In addition to the proposed Agency activities shown above, there are a variety of collaborative efforts by the City, other governmental entities, and the private sector to improve and revitalize the community, including but not limited to the following activities:

- Relocation of the Hayward Area Historical Society to Foothill Boulevard.
- Reuse/redevelopment of Mervyn’s corporate office site

Table 1
Non-Housing Project Cost Estimates - Downtown Sub-area
Five Year Implementation Plan Period, FY 2010-2014
(in thousands)

Proposed Project	Estimated Cost
1. Cinema Place site environmental remediation, murals, lighting	\$550
2. Retail Attraction Program	\$2,500
3. Evaluation of Downtown Plan	\$500
4. Redevelopment of Center Campus	\$4,500
5. Downtown Clean and Safe – Electrical, Street Tree Lights	*\$432
6. Downtown Gateways	\$200
Total Estimated Cost	\$8,682

**Funded in FY 2009, and implemented in FY 2010*

Burbank/Cannery Sub-area

Agency-Sponsored Activities

1. Obtain case closure with environmental regulatory agency (DTSC) for Burbank School/Cannery Park site.
2. Promote sale and redevelopment of Residual Burbank School Site for residential use – environmental remediation.
3. Pursue grant funding for construction of Cannery Area/Railroad Pedestrian Bridge to connect Centennial Park with the future Cannery Water Tower Park.
4. Pursue grant funding for Landscaping and sidewalk improvements along C Street between Grand and Filbert Streets.

Other Activities

The Agency anticipates a number of other initiatives sponsored by the private sector to improve and revitalize the area, including but not limited to the following activities:

1. Promote the Redevelopment of the Cannery properties south of Burbank Elementary School.
2. Promote the re-use or redevelopment of the Owens-Brockway glass manufacturing facility on Hathaway. Consider assistance as needed for new development: traffic upgrades to A Street/Hathaway, other business assistance.

Table 2
Non-Housing Project Cost Estimates – Burbank/Cannery Sub-area
Five Year Implementation Plan Period, FY 2010-2014
(in thousands)

Proposed Project	Estimated Cost
1. Environmental case closure Burbank School/Cannery Park	\$100
2. Redevelopment of Residual Burbank School Site	\$250
3. Pedestrian Bridge between Centennial and Water Tower Parks	*\$0
4. C Street sidewalk/landscaping Grand to Filbert street	*\$0
Total Estimated Cost	\$350

****Seek Grant Funding for these Projects***

Mission/Foothill Sub-area

Agency-Sponsored Activities

1. Complete Form-based Code for the South Hayward BART/Mission Boulevard Corridor that extends along Mission Boulevard from Harder Road to the Mission-Industrial intersection.
2. Undertake South Hayward BART/Mission Boulevard Plan parking and other public improvements as needed in support of the proposed South Hayward BART transit-oriented development.
3. Develop specific plan for Mission Boulevard Corridor for the study area from Harder Road north to Jackson Street and from A Street to the northern City limit. Include a revitalization strategy for the North Mission Boulevard commercial corridor that is coordinated with the Alameda County redevelopment plan.
4. Continue to assemble and clear Mission Boulevard properties on west side from Sycamore Avenue to Pinedale Court as funding is available. Facilitate redevelopment of the site.
5. Provide targeted outreach for minor home rehabilitation assistance in the Webster/Calhoun neighborhood.
6. Pursue grant funding for development of community center/neighborhood parks in the South Hayward BART area and Mission corridor.

Other Activities

Again, the Agency anticipates a number of other initiatives sponsored by the City, and the private sector to improve and revitalize the area, including but not limited to the following activities:

1. Redevelopment of former Holiday Bowl site.
2. Provide support for the retention and recruitment of auto dealerships and ancillary businesses along the Mission Boulevard Hayward Auto Row

Table 3
Non-Housing Project Cost Estimates – Mission/Foothill Sub-area
Five Year Implementation Plan Period, FY 2010-2014
(in thousands)

Proposed Project	Estimated Cost
1. South Hayward BART/Mission Boulevard Corridor form-based code	\$250
2. South Hayward BART/Mission Boulevard Plan public improvements	\$12,700
3. Mission Boulevard Specific Plan: Harder to Grove	\$600
4. Assemblage of Mission Boulevard properties Sycamore to Pinedale	\$5,500
5. Minor Home Repair Program for Webster/Calhoun Neighborhood	\$250
6. Development of Parks in the South Hayward BART/Mission Corridor	*\$0
Total Estimated Cost	\$19,300

**Seek Grant Funding*

3. Projected Five Year Implementation Plan Revenues and Expenditures

a) Projected Revenues

As shown in Table 4 below, the total tax increment funding available in the Project Area for non-housing administration, debt service, and pay-as-you go projects during the five year Implementation Plan period is projected to be approximately \$44.1million, or about \$8.8 million per year on average. These amounts are net of the 20% affordable housing set-aside funds as well as the statutory pass through payments to other taxing entities. Table 4 shows the projected tax increment revenues by sub-area for the five year Implementation Plan period.

Table 4
Projected Tax Increment (Non-Housing Revenues)
Five Year Implementation Plan Period, FY 2010-2014
(in thousands)

Year	Downtown	Burbank / Cannery	Mission / Foothill	Total
2010	\$3,963	\$2,145	\$2,268	\$8,376
2011	\$4,077	\$2,316	\$2,108	\$8,501
2012	\$4,173	\$2,425	\$2,207	\$8,805
2013	\$4,272	\$2,518	\$2,309	\$9,099
2014	\$4,370	\$2,590	\$2,408	\$9,368
Total	\$20,855	\$11,994	\$11,300	\$44,149
% of Total	47%	27%	26%	100%
5-Yr. Avg.	\$4,171	\$2,399	\$2,260	\$8,830

Source: Hdl Coren & Cone Agency Projections September 2009

b) Projected Expenditures

The Redevelopment Program has been designed to meet the CRL requirement that Agency expenditures be linked to the elimination of blighting conditions. In addition, the projects and activities are intended to reflect the goals which are contained in the Redevelopment Plan. Finally, the Program attempts to strike a reasonable funding balance between the three major sub-areas.

As noted above, the Agency anticipates net tax increment revenues available for non-housing activities of approximately \$8.8 million per year over the 5-year Implementation Plan period. The Agency is allocating tax increment revenues of approximately \$3.4 million per year towards debt service payments on its Series 2004 and 2006 Tax Allocation Bonds, and about \$4 million to 5 million per year is currently needed for operating expenses and other recurring obligations. In the short term this leaves relatively minimal funding available for projects, as the national recession has had a significant impact on Agency revenues. In fact, the Agency is expected to see a significant decline in revenues in FY 2010, for the first time in its history.

Compounding the current economic conditions, the State of California, in seeking to balance its budget, adopted Assembly Bills 1389 in FY 2009 and 26 4X in FY 2010, both of which contain provisions requiring payments to the State Education Revenue Augmentation Fund (ERAF or SERAF). The Agency's required payment in FY 2010 is approximately \$4.4 million, and in FY 2011 is approximately \$900,000. The ERAF payment provisions of AB 1389 were successfully challenged, and AB 26 4X is currently being litigated; therefore, it is not clear whether the Agency will have to make the ERAF payments. In the event that AB 26 4X is upheld, it is likely that the Agency will have little capacity to issue new tax allocation debt, and will need to significantly reduce its program of activities.

Table 5 provides a projection of Agency expenditures by sub-area for the Implementation Plan period. Re-evaluation of expenditure priorities is likely to be necessary during the next five years, due to the state of the economy and its effect on Agency revenues, as well as the specter of major ERAF payments, as outlined above.

Table 5
Projected Non-Housing Expenditures
Five Year Implementation Plan Period, FY 2010-2014
(in thousands)

Project	Downtown	Burbank Cannery	Mission Foothill	Total
Economic Development				
• Cinema Place Environmental & Murals	\$550			\$550
• Retail Attraction Program	\$2,500			\$2,500
• City Center Campus	\$4,500			\$4,500
• Downtown Clean and Safe	\$32			\$32
• Downtown Plan Update	\$500			\$500
• Residual Burbank School Site		\$250		\$250
• Planning Studies- Mission Corridor			\$600	\$600
• Form-Based Code Hayward BART			\$250	\$250
• Revitalization Programs			\$250	\$250
• Mission Boulevard Prop. Acquisitions			\$5,500	\$5,500
Subtotal – Economic Development	\$8,082	\$250	\$6,600	\$14,457
Public Improvements				
• Downtown Electrical Improvements	\$400			\$400
• Downtown Gateways	\$200			\$200
• Burbank School/Park Environmental		\$100		\$100
• Cannery Area Pedestrian Bridge		\$0		\$0
• C Street Sidewalks & Landscaping		\$0		\$0
• Mission/S. Hayward BART Public Imp's.			\$12,700	\$12,700
• Mission Boulevard Corridor Parks			\$0	\$0
Subtotal – Public Improvements	\$600	\$100	\$12,700	\$13,450
Grand Total	\$8,682	\$350	\$19,300	\$28,332
Percent of Total	30%	1%	69%	100%

4. Relationship between Revenues and Expenditures by Sub-area

While the Redevelopment Program seeks to maintain a reasonable balance between the sub-areas, achieving a balance between the revenues generated by a sub-area and the funds expended is difficult in the short term due to the very nature of tax increment financing. In any given year or even over a longer timeframe such as the five year implementation plan period, there may not be a close correlation between revenues and expenditures by sub-area. Over time, however, through successful implementation of redevelopment projects and programs, the Agency will balance the funding scales between the sub-areas as revenues generated in a sub-area where redevelopment has already occurred (e.g. Downtown) are used to stimulate redevelopment of another sub-area (e.g. Cannery Area), which in turn will result in increased tax increment revenues that can be used in the third sub-area (e.g. Mission/Foothill).

In FY 2009, the Agency's Downtown Sub-area generated 42% of all tax increment revenues in the Project Area, with the Burbank/Cannery Sub-area and the Mission/Foothill Sub-area generating 28% and 30% of the revenues, respectively. These percentages have begun to shift during the course of the prior Implementation Plan period as redevelopment occurred. Through the continued implementation of the Cannery Area Design Plan and the South Hayward BART Concept Plan the relative share of tax increment revenues generated by the Burbank/Cannery and Mission/Foothill Sub-areas will continue to expand, whereas tax increment revenues in the Downtown Sub-area are expected to increase at a more moderate pace.

Approximately, \$8.6 million has been allocated to related projects in the Downtown Sub-area consisting of \$4.5 million for the redevelopment of the City Center site, and \$2.5 million for the Downtown Retail Attraction Program, approximately \$1.7 million for planning, infrastructure and other miscellaneous activities and improvements.

In the Burbank/Cannery Sub-Area activities will focus on the continued implementation of the Cannery Area Design Plan, including the build out of Cannery Place. A total of \$350,000 is allocated for the environmental remediation of the residual portion of the old Burbank School Site, as well as the environmental case closure for the Cannery Park. The Agency will seek outside grant funding for the proposed pedestrian bridge to link Centennial Park with the proposed Water Tower Park, and for C Street landscaping and sidewalk improvements.

The Agency has committed to make significant expenditures in the Mission/Foothill Sub-area over the next five years, including up to \$12.7 million for parking and other infrastructure improvements related to the South Hayward BART Station transit-oriented development, and approximately \$5.5 million to continue the assemblage of the Mission Boulevard/Sycamore to Pinedale block. In addition, \$850,000 is allocated for planning studies, and \$250,000 for neighborhood revitalization programs. Finally, it is expected that the Agency will seek outside grant funding for parks in the Mission/South Hayward BART corridor.

5. Relationship between Projects and Blighting Conditions

As previously described, there are detrimental physical and economic conditions in the Project Area. The Agency proposes to alleviate these conditions by undertaking the program of public improvements and public-private partnership activities described above. Together, these programs are intended to stimulate new development and rehabilitation activities in the Project Area not only in the next five years, but throughout the lifetime of the Redevelopment Plan.

Successful implementation of the Project will result in expanded economic activity in the Project Area and in the surrounding community. Such activity may increase the number of local employment opportunities, expand the community's tax base for the support of essential services, and reduce the costs to the City of providing some services. This in turn will spark additional investment in the community.

Project implementation is also anticipated to provide for the rehabilitation of dwelling units available to low- and moderate-income residents in those areas with severe residential deterioration, as described in Section D of this Implementation Plan.

The projects listed earlier in this section will address blighting conditions in a number of ways:

1. Various public improvements will improve circulation through and within the Project Area, thus reducing traffic congestion and easing access to parcels. Expanded parking facilities in the South Hayward BART area will facilitate the development of transit-oriented housing, and promote additional BART ridership.
2. Landscaping and other aesthetic enhancements improve the visual quality of various residential and commercial neighborhoods. This, in turn, has the effect of helping to induce new investment or reinvestment through improved community image and pride. Improved visual image often attracts more customers to local stores, which increases local sales. These improved sales increase the value of previously impaired investments, and help make more capital available for reinvestment in local businesses.
3. Access to improved recreational opportunities resulting from new and improved linkages in the Cannery Area and development of a neighborhood park in the Mission Boulevard corridor, will enhance the living environment for local residents. This improved quality of the environment will result in improved property values, greater neighborhood pride, and increased reinvestment in residential neighborhoods within the Project Area.
4. Business programs, such as the Downtown Retail Attraction Program and the Downtown Electrical Improvements, are intended to reduce blight by helping owners of vacant commercial buildings or new businesses fill vacant buildings. Business expansion also creates new jobs, which will help improve local

employment opportunities. This, in part will have the result of reducing local crime, while improving disposable incomes and local sales.

5. Conceptual design planning and the creation of a revitalization strategy for the Mission Boulevard corridor and South Hayward BART area will promote redevelopment or rehabilitation activities for deteriorated or obsolete buildings, building vacancies, lack of curbs, gutters and sidewalks, lack of trees and landscaping, and irregular parcels.
6. Redevelopment of functionally obsolete sites such as the City Center Campus and the former Mervyn's corporate offices will provide opportunities for attracting new business to the City, enhancing key gateways to the City, improving the environment for neighboring businesses, and providing additional revenues to support the quality of life for Hayward residents.

D. AFFORDABLE HOUSING ACTIVITIES

State redevelopment law requires the Agency to describe its housing production obligations, resources available to support housing production and a specific plan for meeting the obligations as part of the five-year Implementation Plan (the Plan). This section of the Plan will address the following issues:

1. Summary of State redevelopment law requirements as it pertains to affordable housing
2. Description of previous Implementation Plan Activities related to affordable housing:
 - Location, number and level of affordability of newly-constructed, regulated, affordable housing units
 - Amounts of Housing Funds used to assist extremely low, very low and low income households, in proportion to Regional Housing Needs Allocation
 - Amounts of Low and Moderate-Income Housing Funds (LMIHF) used to assist affordable housing for families with children, or general population housing, in proportion to Hayward population under 65
3. The number of housing units to be destroyed during the term of the Implementation Plan
4. The projected affordable housing production obligation for the redevelopment area for the ten-year period from FY 2010-2019, and for duration of the Plan:
 - a. Estimated number of very low, low and moderate-income affordable housing units required to meet the 15% affordable housing production obligation
 - b. Estimated total number of new or substantially rehabilitated price restricted units to be created
5. Current Low and Moderate-Income Housing Fund (LMIHF) balance, and projected Low and Moderate-Income Housing Fund revenues and expenditures for FY 2010-2019, in proportion to Targeting Requirements:
 - a. Spending in proportion to Regional Housing Needs Allocation for very-low, low and moderate-income households;
 - b. Spending for family, or general population housing in proportion to the population of the City of Hayward under 65 as compared to the total population
6. Affordable Housing Goals, Programs, and Consistency with General Plan Housing Element
7. Annual housing production activities for the period of FY 2010 through FY 2014

1. State Redevelopment Law Requirements for Affordable Housing

Replacement Housing Requirement:

When residential units occupied by low or moderate-income households are removed from the housing stock by Agency action, the Agency must replace those units within four years with new or substantially-rehabilitated units with an equal or greater number of bedrooms.

Housing Fund Requirement:

State law requires that 20 percent of tax increment revenue generated in redevelopment project areas must be set aside in a Low and Moderate-Income Housing Fund (LMIHF). Monies deposited in this fund must be used for the purpose of increasing, improving, and preserving the community's supply of affordable housing. Information regarding the LMIHF is presented in part 6 of this Section D of the Plan, including an estimate of the amounts to be deposited in the LMIHF and expenditures from the Fund.

- **Housing Fund Targeting:** Agencies are required to expend their LMIHF monies to assist very-low and low-income households in proportion to the housing need identified in the City's Regional Housing Needs Allocation for very-low, low and moderate-income households. In addition, agencies are required to target LMIHF funding in proportion to the City's population that is under 65 years of age, in order to ensure that there is an adequate supply of affordable "family" housing.
- **Excess Housing Fund Surplus:** An excess surplus in the LMIHF occurs when the unexpended and unencumbered amount in the Fund exceed the greater of \$1 million or the total amount deposited in the Agency's LMIHF for the previous four years. Failure to spend or disburse the excess surplus funds within a period of three years will result in severe sanctions to the Agency.

Housing Production Requirement:

State law requires that a percentage of all residential units either constructed or substantially rehabilitated within the Project Area be made affordable to low and moderate-income households. The affordable housing production requirement does *not* apply to individual projects, but must be achieved by the number of units created *in total*, and that the percentage be achieved within a 10-year timeframe. The production requirement applies to units developed by the Agency and by private developers. However, in the case of Agency-developed projects, a larger percentage of units must be made affordable. The following is brief description of the production requirements:

- **Agency Developed Housing:** Thirty percent of all housing developed or substantially rehabilitated by the Agency must be made affordable to moderate-income households earning no more than 120% of the Area Median Income (AMI). Of these units, one half (or 15% of the total development) must be made affordable to very-low-income households earning no more than 50% of the AMI.

- **Privately Developed Housing:** Fifteen percent of all housing developed or substantially rehabilitated by private entities must be made affordable to moderate-income households earning no more than 120% of the area median income. Of these units, 40% (or 6% of the total development) must be made affordable to households earning no more than 50% of AMI. State law allows for new or substantially rehabilitated affordable units built outside the Project Area, but within the City, to be credited toward the production requirement on a one-for-two unit basis.
- **Duration of Affordability:** State law requires that affordability restrictions be recorded against units created to meet production requirements for the longest feasible time, but not less than 45 years for ownership housing or 55 years for rental housing. The affordability controls must be made enforceable by recorded covenants or regulatory agreements.

Under State law, housing production requirements only apply to residential development within redevelopment project areas that were established on or after January 1, 1976. Therefore, the production requirements do not apply to the original Downtown Project Area because it was established in 1975. However, the requirements do apply to the 1987 expansion area, just south of the Downtown BART Station, as well as to the Burbank-Cannery and Mission-Foothill sub-areas.

Units that are intended to meet the Agency’s affordable housing production requirement must not exceed the State-defined “affordable housing cost”: rent minus a utility allowance in the case of rental developments, or in the case of ownership developments, principal, interest, taxes and insurance (PITI), plus condominium or homeowners association fees if applicable. The following table illustrates “affordable housing cost” for low and moderate-income households for both rental and ownership housing for lower and moderate-income households:

**Table 6
Affordable Housing Cost Defined**

Income Category	Rental Housing		Ownership Housing	
	Percent of AMI used to determine housing costs	Maximum % of Income Spent on Housing	Percent of AMI used to determine housing costs	Maximum % of Income Spent on Housing
Extremely Low-Income	30%	30%	30%	30%
Very Low-Income	50%	30%	50%	30%
Low Income	60%	30%	70%	30%
Moderate-Income	110%	30%	110%	35%

Source: California Health and Safety Code, Section 50052.5 and 50053

The following two tables illustrate affordable housing costs for 1-, 2-, 3- and 4-person households for both rental and owner-occupied housing based on 2009 income limits.

Table 7
2009 Income Levels and Affordable Monthly Housing Cost for Rental Units*

Income Category	Percent of AMI Used to Determine Housing Costs				Maximum Affordable Monthly Rents (Net of Utility Allowance)			
	1 Person Household	2 Person Household	3 Person Household	4 Person Household	1 Person Household	2 Person Household	3 Person Household	4 Person Household
	Extremely Low-Income	\$18,750	\$21,450	\$24,100	\$26,800	\$469	\$536	\$603
Very Low-Income	\$31,250	\$35,700	\$40,200	\$44,650	\$781	\$893	\$1,005	\$1,116
Low Income	\$37,500	\$42,840	\$48,240	\$53,580	\$938	\$1,071	\$1,206	\$1,340
Moderate-Income	\$68,750	\$78,600	\$88,400	\$98,250	\$1,719	\$1,965	\$2,210	\$2,456

**Note: Affordable Monthly Rents are based on 2009 Income Limits. These limits change annually. For current income limits, please contact the City of Hayward Redevelopment/Housing Division.*

Table 8
2009 Income Levels and Affordable Monthly Housing Cost for Ownership Unit*

Income Category	Annual Income Used to Determine Housing Costs				Maximum Affordable Monthly Housing Cost (Includes Principal, Interest, Taxes, Insurance)			
	1 Person Household	2 Person Household	3 Person Household	4 Person Household	1 Person Household	2 Person Household	3 Person Household	4 Person Household
Extremely Low-Income	\$18,750	\$21,450	\$24,100	\$26,800	\$469	\$536	\$603	\$670
Very Low-Income	\$31,250	\$35,700	\$40,200	\$44,650	\$781	\$893	\$1,005	\$1,116
Low Income	\$43,750	\$50,000	\$56,250	\$62,500	\$1,094	\$1,250	\$1,406	\$1,563
Moderate-Income	\$68,750	\$78,600	\$88,400	\$98,250	\$2,005	\$2,293	\$2,578	\$2,866

**Note: Affordable Monthly Housing Costs are based on current (2009) Income Limits. These limits change annually. For current income limits, please contact the City of Hayward Redevelopment/Housing Division.*

2. Previous Implementation Plan Activities Related to Affordable Housing

FY 2004-09 Housing Production Requirement:

To date, 1,198 residential units have been constructed in the Project Area. Table 10 summarizes residential development activity within the Project Area through FY 2008-09:

**Table 9
Completed Residential Development FY 2005-09***

	Pre FY 2004	2004- 2005	2005- 2006	2006- 2007	2007- 2008	2008- 2009	Subtotal (current IP only)	Total
Renaissance Walk		46						
Studio Walk		61						
Grand Terrace		120						
Sara Conner Court			57					
Smaller Projects			44					
C & Grand					60			
Cross Creek (112)						28		
TOTAL UNITS	750	227	101	0	60	28	416	1,166

**Note: Completed Housing is defined as housing units with issued Certificates of Occupancy by Hayward Building Dept.*

According to State law, 62 affordable units (416 x 15%) were needed to meet the affordable housing production requirement for the term of the previous Implementation Plan (2005-2009). In addition, the previous plan carried a deficit of six (6) units of affordable housing that was to be made up in the 2005-09 Plan timeframe. As a result, the total affordable housing production goal for the FY 2004-09 time period was sixty-eight (68) units.

**Table 10
Revised Affordable Housing Production Requirement FY 2005-2009**

	Total Required Affordable Housing Units FY 05-09	FY 99-04 Affordable Production Deficit	FY 2005-09 Required Affordable Units (15%)	V-Low Income Affordable Requirement (6%)	Low/Moderate Income Affordable Requirement (9%)
TOTAL	62	6	68	27	41

Table 11 indicates the type and number of affordable housing units created or substantially rehabilitated during the previous term. During the 2005-2009 Plan term, a total of 185 new affordable unit production requirement credits were satisfied within the project area.

As a result, a one-hundred and seventeen (117) unit surplus (185 credits – 68 required units in the previous Implementation Plan) will be accounted for during the term of the current Plan.

Table 11
Completed Affordable Housing Units FY 2005-2009
Housing Production Credit

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Total Units	V-Low Income	Low/Moderate Income	Total Credit
Renaissance Walk	22					22		22	22
Sara Conner Court		57				57	40	17	57
C & Grand Senior				60		60	59	1	60
Eden Shores (40)					20	20		10	*10
Garden Walk (8)					7	7		3	*3
Villa Springs (66)					66	66	8	25	**33
TOTAL AFFORDABLE UNITS COMPLETED	22	57	--	60	93	232	107	78	185
15% PROD'N REQ.							27	41	68
PRODUCTION SURPLUS(DEFICIT)							80	37	117

*The Crossings at Eden Shores and Garden Walk are both located outside the Redevelopment Project Area. Therefore, they are only counted toward meeting the Agency's affordable housing production goal on a "one-for-two unit" basis. The total number of re-sale restricted affordable units at Eden Shores is 40. Of these, 20 were sold during the Plan period. Garden Walk has 8 total re-sale restricted units, and of these, 7 were sold during the Plan period.

** Villa Springs, an existing affordable housing development that was "substantially rehabilitated" is also located outside the Redevelopment Project Area, and is counted on a "one-for-two unit" basis.

Renaissance Walk: In FY 2005 twenty-two (22) ownership homes affordable to moderate-income households were completed within the Renaissance Walk townhome development located in downtown Hayward. This development was described fully in Section A of this Implementation Plan. The Agency used the LMIHF to acquire and "write down" the cost of the land to the developer, at a net cost of \$3 million, however, the expense to buy the land was incurred in the prior Implementation Plan period.

Sara Conner Court: In the fall of 2006 Eden Housing, , a non-profit developer of affordable housing in the Bay Area, completed construction of Sara Conner a rental apartment complex located in the Mission-Foothill sub-area, which consists of 57 units affordable to low-, very low-, and extremely low-income families. The total project cost was approximately \$18.6 million. In FY 2005 the Agency approved a loan in the amount of \$1.75 million from the Low and Moderate Income Housing fund towards the project. In FY 2007 the Agency approved an additional \$215,000 loan to cover costs previously funded by CDBG funds. Sara Conner Court was one of the two finalists as one of the best family developments in the Affordable Housing Finance Readers' Choice Awards.

C & Grand Senior Housing: In the summer of 2008, Eden Housing completed construction on the 60-unit C & Grand Housing development located in the Downtown sub-area. The development is restricted for occupancy by very low-income seniors. The Agency extended a loan in the amount of \$507,000 from the Low and Moderate Income Housing fund to assist with foundation upgrades associated with an underground storm drain (Sulfur Creek) that impacted the site. Additionally, the development includes new administrative headquarters for Eden Housing, the project developer.

Villa Springs Rehabilitation: In the summer of 2007, the Redevelopment Agency approved the allocation \$250,000 in low-mod funds for Villa Springs, a 66-unit affordable housing development for families. Provided as a 55-year soft loan, the Agency funds leveraged State financing (including bonds, tax credits, and other financing) needed for the substantial rehabilitation the property. The low-mod funds were used for the replacement of the roof and other urgent repairs. The rehabilitation was completed during the first part of 2009.

The Majestic Apartments Acquisition/Rehabilitation: In September 2007 a loan was made in the amount of \$750,000 for the seismic retrofit of the 80-unit Majestic Apartments, located on Torrano Avenue, off of Mission Boulevard. In the prior fiscal year, the City had approved issuing \$8.4 million in mortgage revenue bonds on behalf of the development. This was not considered a substantial rehabilitation, and the Agency therefore received no affordable housing production credit. The project was substantially completed in early 2009.

Inclusionary Housing – Garden Walk, Eden Shores: Additional affordable attached ownership units that were built outside the Project Area as the result of the City’s Inclusionary Housing (IH) Ordinance: Garden Walk (7 units) and Crossings at Eden Shores (20 units). The City’s IH Ordinance requires developers of residential projects of over 20 units to sell and restrict 15% of the units for occupancy by low and moderate-income households for a period of 45 years. The Agency funded first time homebuyer loans for 20 units total in these developments. Additional affordable housing production credits from these two developments will be applied to the current Implementation Plan period.

FY 2004-09 Other Hayward Housing Program Accomplishments:

Walker Landing: This 78-unit Walker Landing affordable housing development was built in the City of Hayward, in order to satisfy the IH Ordinance with respect to three market-rate developments built in the City. The City issued tax-exempt multifamily revenue bonds in the amount of \$13.68 million, which along with low-income tax credits, were the primary financing for the development. Walker Landing was completed in the early spring of 2008. Due to an “Annexation and Public Improvements Agreement” between the City of Hayward, Alameda County, and the Redevelopment Agency of Alameda County in connection with the Mount Eden Redevelopment Sub-Area, all housing production credits for this development were claimed by the Redevelopment Agency of Alameda County.

Las Casitas: On October of 2005, the City issued bonds to finance the acquisition of Las Casitas by Citizens Housing Corporation. Citizens restricted the 61-unit development for occupancy by low-income households. Citizens have performed routine repairs and plans to perform an overall rehabilitation of the property in the future.

Josephine Lum Lodge: On December of 2005, the City issued \$15 million in revenue bonds to finance the rehabilitation of **Josephine Lum Lodge**, a 150-unit apartment complex affordable to very-low income seniors. The rehabilitation of this development was completed in the summer of 2007.

Huntwood Commons Apartments: In the fall of 2006 the City provided \$840,000 in HOME funds for the rehabilitation of Huntwood Commons Apartments, a 40-unit apartment complex affordable to low and very low-income families. The federal HOME funds were leveraged by a \$45,000 grant from the Cowell Foundation and a \$175,500 soft loan from the City. The latter funds were from a Proposition 46 program that rewarded jurisdictions for the creation of new affordable housing homes. City funds paid for new roofs and gutters, lighting improvements, correction and repair of the property's irrigation systems, purchase and installation of a new children's playground, repair and roofing of trash enclosures, and other interior and exterior improvements.

FY 2005-09 LMIHF Expenditures & Housing Target Requirements:

**Table 12
Low & Moderate-Income Housing Fund Expenditures
FY 2005-2009**

Housing Goal	Year					TOTAL
	2004-05	2005-06	2006-07	2007-08	2008-09	
Support Homeownership-FTHB Program	1	5	4	11	12	33
LMIHFs Expended	\$20,000	\$97,400	\$80,000	\$220,000	\$240,000	\$657,400
Develop Affordable Housing: Sara Conner, C & Grand Senior, A & Walnut land		57	60		(land)	117
LMIHFs Expended	\$1,120,000	\$630,000	\$722,000		\$707,500	\$3,179,500
Acquisition/Rehab. Affordable Housing: Villa Springs, The Majestic,			66	80		146
LMIHFs Expended			\$250,000	750,000		\$1,000,000
Total LMIHFs Expended	\$1,140,000	\$727,400	\$1,052,000	\$970,000	\$947,500	\$4,836,900

Source: City of Hayward Redevelopment Agency

Target Funding to Low/Very-Low Income Households: Redevelopment agencies are required to target expenditures such that LMIHF's are expended to assist very low and lower income households in the same proportion as the ratio between the need for those two housing categories versus the need for all very-low to moderate-income housing units in the community – as

determined by the regional housing need allocation (RHNA) that is prepared by ABAG. The current RHNA goals for Hayward are as follows for those income categories.

**Table 13
Hayward Regional Housing Needs Allocation 2007-14**

Very Low Income	768	42%
Low Income	483	27%
Moderate Income	569	31%
TOTAL	1,820	100%

As can be seen on Table 14 the Agency's LMIHF expenditures for very-low and low income categories exceeded the percentage targets as indicated under the current RHNA goals.

**Table 14
LMIHF Expenditures FY 2005-09 by Income Category**

Expenditures	V-Low Income	Low Income	Moderate Income	Total Expenditures	Units Created/Served
FTHB Program			657,400	\$657,400	33 mod.
Sara Conner Court	1,375,500	550,200	39,800	\$1,965,000	6 ext-low 34 v-low 16 low 1 mod
C & Grand Senior	498,500		8,500	\$507,000	59 v-low 1 mod
A & Walnut Site	707,500			\$707,500	(future)
Villa Springs	57,500	132,500	60,000	\$250,000	21 v-low 44 low 1 mod
The Majestic	75,000	675,000		\$750,000	8 v-low 72 low
TOTALS	2,714,000	1,357,700	765,700	\$4,836,900	296 units
Percentage to Totals	56%	28%	16%	100%	

Target Funding to Housing that is not Age-restricted: State law also requires that LMIHF funding be targeted to housing that is available to persons regardless of age, versus senior citizens housing in the same proportion as the Hayward population under age 65 exists to the total population. According to the Demographic Estimates for Hayward in the U.S. Census Bureau 2006-2008 American Community Survey 3-Year Estimates, the total Hayward estimated population was 133,957, and the total number of people estimated to be 65 and older was 13,193, or approximately 10% of the total population. Therefore, no more than 10% of the LMIHF should be spent on senior citizen-restricted housing. Table 14 indicates that the expenditures for the 59 C & Grand Senior Housing units which were restricted to senior citizens amounted to approximately \$498,500, or just over 10% of the total expenditures of \$4.8 million. A pro-rata

amount of \$8,500 was spent on the one moderate-income on-site manager's unit. The remaining \$4,338,400 of LMIHF expenditures were for general population, or "family" housing units.

3. Estimated Housing Units to be Destroyed During Current Implementation Plan Period FY 2010-2014

In addition to providing relocation benefits to households that are displaced due to Redevelopment Agency-sponsored activity, the Agency is required to replace any low to moderate-income occupied units that may be destroyed as a result of the activity within a four-year period. In the current Implementation Plan the Agency does not anticipate destroying any existing housing units as part of its activity.

4. Market-Rate Housing and Affordable Housing Production: FY 2010-2019

Housing Production 2010-2014:

The estimated affordable housing production requirement for the term of the FY 2010 – FY 2014 Implementation Plan is based on a projection of residential development activity within the Project Area. This projection is based on projects that are currently under construction, plans for projects submitted to the City of Hayward for development review and future development plans not yet submitted for review but reasonably anticipated within this period. Based on this analysis, the Agency projects approximately 1,220 residential units will be constructed in the Project Area within the five year period beginning in FY 2010.

**Table 15
Projected Residential Development Activity FY 2010-2014
Affordable Housing Production Requirements**

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Total Current Plan	V-Low Income 40% x 15%	Low/Mod Income – 60% x 15%	Total Credit
C & Main					44			7	7
Cross Creek (112)	42	42				84			0
Cannery Place	44	80	100	121	120	465		11	11
Burbank School Site				33	33	66		10	10
B & Grand Senior			22			22	22		22
A & Walnut - Affordable				14		14	13	1	14
So. Hayward BART- Affordable		81	125			206	204	2	206
So. Hayward BART - Market				103	218	321			
TOTAL UNITS PROJECTED	86	203	247	271	415	1,182	239	31	270
15% PROD'N REQUIREMENT (15% X 1,182 = 177 Units)							71	106	177
AFFORDABLE SURPLUS							80	37	117

PREVIOUS IMP. PLAN									
15% AFFORDABLE PROD'N SURPLUS (DEFICIT) CURRENT IMP. PLAN							248	(38)	210

Note that units developed at C & Main do not count toward the 15% production requirement because they are developed in the “Original Downtown” Redevelopment Area adopted before 1976. As a result, based on the projection that 1,182 net housing units will be produced in the Redevelopment Area during the next five-year period, then 15% - or 177 housing units - must be made affordable. However, it is projected that 270 of the units to be produced will be affordable units. In addition, the Agency has a 117-unit affordable housing production surplus from the 2004-2009 Implementation Plan period, which can be carried over to this Plan. As a result, the Agency projects that it will have a 210-unit surplus of affordable housing units at the end of the current planning period. A description of the activities and expenditures associated with the creation of these affordable housing units is provided below in Section D.8 of this Plan.

Finally, although the Agency is projected to have a 38-unit deficit of moderate-income housing units, state law allows very-low income units to be produced in-lieu of moderate-income units.

Finally, as previously noted, when the Agency directly builds housing units, it must ensure that 30% of these units are affordable to low and moderate-income households. However, this Agency does not anticipate directly undertaking the role of developer of affordable housing during the current Plan period, given that there are many experienced non-profit affordable housing developers in the San Francisco area that can fulfill this role more efficiently than the Agency can.

Affordable Housing Production 2015-2019:

As required for this Implementation Plan, the following table estimates the residential development activity in the Redevelopment Project Area for the following five-year term FY 2014-2019, including the affordable housing production requirement. While the projection is based in part on planned development as well as the 2001 Cannery Area Design Plan and the 2006 South Hayward BART/Mission Boulevard Concept Plan, it is more difficult to accurately project the pace of development as the years extend further out. Individual projects may proceed sooner or later than shown in both spread sheets, or may not proceed at all, and other projects in other locations may take their place. Nevertheless, the following projections show that expected development will produce approximately 1,078 units in total, of which 96 moderate-income affordable units will be created as a result of the City’s Inclusionary Housing Ordinance. The projected 15% affordable housing production requirement of 162 units will be absorbed in part through the production of on-site moderate-income affordable units, and in part through the credit that is expected to be created during the current Implementation Plan term.

Table 16
Projected Residential Development Activity FY 2015-2019
Affordable Housing Production Requirements

	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019	Total 5- Yr Period	V-Low Income 40% x 15%	Low/Mod Income – 60% x 15%	Total Credit
Cannery Place (incl. Libitzky)	120	120	65			305		19	19
So. Hayward BART - Market	85	85	91			261			
Mission Paradise	41	41				82		12	12
Other South Hayward/Mission				100	100	200		30	30
Upper Mission (Harder North)			65	115	50	230		35	35
TOTAL UNITS PROJECTED	246	246	221	215	150	1,078		96	96
15% PROD'N REQUIREMENT (15% X 1,078 = 162 Units)							65	97	162
AFFORD'BLE SURPLUS FY 14							248	(38)	210
15% AFFORDABLE PROD'N SURPLUS (DEFICIT) FY 20							183	(39)	144

Affordable Housing Production Remainder of Project Area Life – FY 2032:

The Original Downtown Redevelopment Project sub-area is currently due to expire in December 2018, the Burbank/Cannery sub-area is set to expire in November 2029, and the Mission/Foothill sub-area is currently set to expire in June 2032.

It is anticipated that the majority of the remaining residential development potential lies in the Mission/Foothill Corridor. The supporting studies for the 2006 South Hayward BART/Mission Boulevard Concept Design Plan indicate that there is “developable land” to accommodate approximately 2,200 additional housing units in the Mission Boulevard Corridor extending from Harder Road to Industrial Boulevard. If all of these units are developed within the remaining term of the Redevelopment Plan, the 15% affordable housing production requirement will be 330 units, of which 132 units must be affordable to very-low income households and the remaining 198, must be affordable to low-to-moderate-income households. Based on this projection, the Agency’s affordable housing production obligation appears to be achievable, particularly given the existing and projected surplus very-low housing units to be created in the current Implementation Plan period.

5. LMIHF Revenues, Expenditures FY 2010-2014 and Target Funding Requirements – FY 2010-2019

The FY 2010 beginning balance for the LMIHF (Fund 452) was approximately \$11.1 million. The following Table 17 presents the projected annual tax increment deposits into the Low and

Moderate-Income Housing Fund (LMIHF). These amounts are based on projected tax increment revenue and are subject to change due to future economic conditions.

Table 17
Projected Low and Moderate-Income Housing Fund Deposits FY 2010-2014

	2008-2009 (actual)	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	FY 2010-14 Total
TI Deposit Amount	\$2,526,000	\$2,113,000	\$2,145,000	\$2,221,000	\$2,295,000	\$2,363,000	\$11,137,000
Expenditures:							
Admin. Costs	184,935	512,000	562,000	583,000	564,000	628,000	\$2,849,000
Preserve Affordable Housing	431,440	1,760,000	0	0	0	0	\$1,760,000
1st Time Homebuyer Programs	240,000	2,500,000	450,000	400,000	450,000	450,000	\$4,250,000
New Affordable Housing	705,000	1,350,000	4,250,000	2,100,000	0	0	\$7,700,000
Total Expenditures	\$1,561,375	\$6,122,000	\$5,262,000	3,083,000	1,014,000	1,078,000	\$16,559,000
Ending Fund Balance**	\$11,113,798	\$3,809,000	\$458,325	\$45,200	\$1,987,000	\$4,087,000	

Source: City of Hayward Redevelopment/Housing Division

** Ending Fund Balances assume approximately \$3.9 million total in SERAF payments in FY 2010 and FY 2011. These amounts may be borrowed from the LMIHF for a period of five years, and would be fully repaid by FY 2016. In the event that the SERAF payment is not necessary, this amount of funding will be available to fund additional affordable housing activities.

Target Funding to Low/Very-Low Income Households: As previously noted redevelopment agencies are required to target LMIHF expenditures so that very low and lower income households are assisted in at least the same proportion as their need for housing versus the need for all very-low to moderate-income housing units in the community – as determined by the regional housing need allocation (RHNA). The current RHNA goals for Hayward are shown on Table 13 (see page 29). Table 18 is intended to show how the projected expenditures will compare to the RHNA very-low to moderate income housing needs. Expenditures for very-low income housing (including extremely low income), are once again expected to exceed the RHNA allocation percentages by a significant amount. This is primarily due to the affordable housing developments that are proposed for the South Hayward BART Station. The levels of affordability for these developments was driven in large part by the successful quest for an award of State Proposition 1-C funds; the award of these funds was predicated in large part on the provision of very-low income affordable housing units. Finally, while Table 18 indicates the

total number of units to be assisted, none of the moderate-income assisted units are expected to be restricted as to ongoing affordability, as most of these units are assisted with loans which are repayable at very reasonable rates, while four of the moderate-income units are actually on-site manager units in affordable rental apartment developments.

Table 18
LMIHF Program Expenditures FY 20010-14 by Income Category

Expenditures	V-Low Income	Low Income	Moderate Income	Total Expenditures	Units Created/Served
FTHB Program 70% mod. @ \$30,000 per unit, & 30% low @ \$40,000 per unit Includes Route 238		1,275,000	2,975,000	\$4,250,000	32 low 99 mod
Preserve Affordable Hsg: Tennyson Gardens	437,900	1,041,900	30,200	\$1,510,000	(29%)28 v-low (69%)66 low 2 mod
Minor Home Repair (50)		250,000		250,000	15 low
New Affordable Housing: So. Hayward BART Senior (81) Family (125)	Sen.1,300,000 Fam.5,800,000 7,100,000				204 v-low 2-mod
New Affordable Housing: Habitat Site		450,000			20 low
B & Grand Senior Hsg – setaside, site prep.	100,000				22 v-low
TOTALS	\$7,637,900	\$3,016,900	\$3,005,200	\$13,660,000	254 v-low 168 low 103 mod
Percentage to Totals	56%	22%	22%	100%	

Target Funding to Housing that is not Age-restricted: As previously noted, State law also requires that LMIHF funding be targeted to general population housing in the same proportion as the Hayward population under age 65 exists to the total population. Also as noted, the total population estimated to be 65 and older in Hayward is 13,193, or approximately 10% of the total population. Therefore, no more than 10% of the LMIHF should be spent on senior citizen-restricted housing. Table 18 above indicates that two proposed projects – the South Hayward BART Senior Housing and the B & Grand Senior Housing Addition - have total potential funding amounts estimated at \$1.4 million, or approximately 10% of the total estimated program expenditure amount of \$13.7 million.

Affordable Housing Targeting Requirements 2015-2019:

Table 19 below provides a preliminary projection of deposits to the LMIHF for the time period from 2015 to 2019, and potential for expenditures toward creating and preserving affordable housing.

**Table 19
Projected Low and Moderate-Income Housing Fund Deposits
& Expenditures 2015-2019**

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	FY 2015-19 Total
TI Deposit Amount	2,432,000	2,503,000	2,574,000	2,648,000	2,722,000	\$12,879,000
Expenditures:						
1 st Time Homebuyer Programs	450,000	450,000	450,000	500,000	500,000	\$4,250,000
New Affordable Housing/Preserve Affordable Hsg		2,000,000	4,000,000	3,000,000	4,000,000	\$15,000,000
Total Expenditures	\$1,075,000	\$3,099,000	5,124,000	4,198,000	5,225,000	\$19,250,000

Target Funding to Low/Very-Low Income Households - FY 2015-2019: As previously noted, the RHNA-based goal for targeting housing expenditures to very-low income households for this time period is set at 42% of the total funding available. The amount of funding available net of administrative costs is estimated at \$19.2 million. Therefore for this time period, the target for expenditures toward very-low income households is .42 x \$19.2 million, or approximately **\$8.1 million**. The remaining \$11.1 million may be spent on housing that is affordable to low to moderate-income households. While the City’s Housing Element identifies a number of suitable housing sites in the City, no specific projects have been identified for this time period. One way to implement this target is to ensure that more than half of the units that are developed, “preserved” or rehabilitated with this funding source are affordable to very-low income households.

Target Funding to Housing that is not Age-restricted – FY 2015-2019: The goal for funding assistance to housing which is not reserved for senior citizens is currently 90% of the estimated funding available for this period – or approximately **\$17.3 million**. Conversely, no more than approximately \$1.9 million should be spent toward senior citizen housing during this period.

6. Affordable Housing Goals, Programs and Consistency with the Hayward General Plan Housing Element

Agency Goals for Affordable Housing:

In general, it is a primary goal of the Agency to ensure that it meets its redevelopment affordable housing production requirements and funding target requirements in a way that is consistent with the revitalization goals of the Agency and the City of Hayward.

The Agency will also continue to support programs which further policies outlined in the City's Housing Element, including the goal of increasing homeownership opportunities for Hayward residents.

Financial assistance to private for-profit and non-profit developers may include loans for property acquisition, development, renovation, on and off-site improvements, predevelopment costs and development fees. It is anticipated that, overall, the developers of new housing developments will comply with affordable housing production requirements. One of the primary ways this will be accomplished is through the City's Inclusionary Housing Ordinance.

Staff anticipates approximately 1,182 units will be constructed in the Project Area during the term of the current Implementation Plan. A total of 177 of these units will need to be made affordable to meet the affordable housing production requirement. According to Staff analysis there will be a total of 270 affordable units created during 2010-2014, plus an existing surplus of 117 units, for an estimated surplus of 210 units by FY 2014.

Housing Program:

In order to assist in the development of affordable housing, the Agency will support the following programs:

Program 1: Provide assistance, where appropriate, to develop long-term affordable rental and ownership housing

The Agency will provide financial and other related assistance to private developers creating long-term affordable housing. LMIHF resources will be used to purchase land, provide below market-rate financing and fund selected eligible off-site improvements.

Program 2: Provide assistance to qualifying low and moderate-income first-time homebuyers

Since 1995 the City's First-Time Homebuyer Assistance Program has successfully helped many low and moderate-income households purchase homes throughout the City. The benefits of this program are manifold – providing an improved quality of life for the participating households and increasing the stability and quality of the City's neighborhoods by raising the percentage of Hayward residents who are homeowners. By providing down payment and closing cost assistance and homebuyer educational seminars, the Agency can leverage LMIHF resources and provide the benefits of homeownership to a significant number of eligible households.

Program 3: Support the Preservation of Existing Affordable Housing

The Agency will, where appropriate, provide financing for the acquisition, rehabilitation and

maintenance of existing affordable housing, particularly affordable rental housing which is “at risk” of reverting to market rate rents.

Consistency with the Housing Element:

Agency programs as presented in this Plan will be consistent with the City of Hayward General Plan Housing Element. The Housing Element presents policies and strategies to meet the Association of Bay Area Government’s Regional Housing Needs Determination for the City of Hayward for the planning period 1999-2006. The Hayward City Council adopted the current Housing Element in October 2003. The California Department of Housing and Community Development certified the Housing Element as compliant with applicable State laws in January 2004.

The City is currently in the process of updating the Housing Element and its policies and strategies to meet the 2007-2014 Regional Housing Needs Allocation. A first draft has been submitted for review by the State Department of Housing and Community Development (HCD). Currently, the City is preparing a second draft in response to HCD’s comments. Staff expects a second submittal and HCD’s certification of the updated Housing Element before the end of the current fiscal year.

In developing the affordable housing program for this Plan, the Agency has considered the following relevant Housing Element policies:

Housing Element Goal: Expand the Housing Supply

Policy: Encourage the provision of an adequate supply of housing units in a variety of housing types which accommodate the diverse housing needs of those who live or wish to live in the city.

Housing Element Goal: Preserve Owner-Occupied Housing

Policy: Encourage the development of ownership housing and assist tenants to become homeowners in order to reach a 70% owner-occupancy rate, within the parameters of Federal and State housing law.

Housing Element Goal: Develop Affordable Housing

Policy: Ensure that the City's housing stock contains an adequate number of decent and affordable units for households of all income levels.

Housing Element Goal: Preserve Assisted Housing

Housing Element Policy 1.4: Work with property owners and nonprofit housing providers to acquire and/or preserve existing housing for low and moderate income households.

7. Annual Housing Production Activities FY 2010-14

The Agency will support programs and strategic projects consistent with State law and the Housing Element to preserve and facilitate the development of housing affordable to low and moderate-income households. The Agency plans to achieve its affordable housing production goals during the term of this plan by enforcing affordable housing production requirements and supporting developments which include units with long-term price restrictions. Throughout the Plan period, the Agency will monitor all other private residential development activity within the Project Area to ensure annual compliance with any applicable affordable housing production requirements.

The Agency will annually allocate \$450,000 to \$500,000 from the LMIHF to the First-Time Homebuyer Assistance Program. The Program will provide assistance to approximately 15 low and moderate-income homebuyers each year, contingent upon market conditions. In addition, the Agency has committed \$2 million in FY 2010 toward the former Route 238 tenant's "Opportunity to Purchase Home Program", which will be used to provide First Time Homebuyer assistance loans to qualifying tenants in the corridor.

The majority of new residential development activity within the Project Area during the term of this plan will be located in the Burbank-Cannery Sub-area and in the Mission-Foothill Sub-area. All new development within the Burbank-Cannery Sub-area is guided by the Cannery Area Design Plan. This plan was approved by the Hayward City Council in 2001 and will guide residential and commercial development within the Sub-area during the term of the Plan. Development in the Mission-Foothill Sub-area will be concentrated in the area covered by the South Hayward BART/Mission Boulevard Concept Design Plan. This plan was approved by Hayward City Council in 2006.

In addition to the Burbank-Cannery Sub-area and Mission-Foothill Sub-area developments, there are a number of residential developments in the planning stages that are anticipated to be completed during the term of the Plan and will be located within the Project Area. The actual number of both market rate and affordable units to be developed is difficult to estimate at this time, but at least 15% of the total units will be made affordable. The following is a chronological listing of significant programs and projects which will be conducted to support the goals of the Plan:

2009-10:

In terms of major residential projects, a private developer has begun construction of approximately 432 units at **Cannery Place**, in the Burbank-Cannery Sub-Area. In order to meet part of the IH Ordinance requirements, the developer previously provided the land and facilitated construction of a 60-unit affordable apartment complex for seniors, Hayward Senior Housing.

While difficult to specify the exact year, completion of the market-rate Cannery Place development is conservatively projected to occur during over the next seven years. In addition, staff anticipates the completion of one more development at Cannery Place that will create approximately 191 units. The developer has also begun construction so completion of this development is also likely to occur within the five years of this plan. Together, both approved Cannery Place developments will result in the designation of 16 on-site moderate-income affordable units. It is currently estimated that the remaining Cannery property – the "Libitzky"

parcel – will be developed after FY 2014, with approximately 160 units, of which 14 will be on-site moderate-income affordable ownership units.

Tennyson Gardens: In FY 2010, the Agency provided a loan in the amount of \$1,500,000 to Eden Housing, Inc. and the City issued Multi-Family Housing Revenue Refunding Bonds to finance the acquisition and rehabilitation of Tennyson Gardens a 96-unit apartment complex affordable to low and very-low income families. Staff recommended this to City Council in light of the property's general partner desire to sell its partnership interest in the property as a result of costs overruns and the need to address immediate property repairs and improvements. Staff believes that with City support to Eden to address the rehabilitation and management needs, the long-term operating performance, affordability, and viability of the project were ensured.

2010-11:

It is projected that the Mission-Boulevard sub-area will include approximately 3,225 residential units. As mentioned above, most of these residential units will be concentrated in the area covered by the South of Hayward BART/Mission Boulevard Concept Design Plan Area. On March 17, 2009 City Council approved the **Eden and Wittek-Montana developments** both located within this area. The entire development, which will encompass approximately 788 units will be part of mixed-use, mixed-income, transit-oriented village guided by the Mission Boulevard Concept Design Plan.

The Eden developments will likely be developed during the first three years of this Plan. The Eden units will include 125 affordable rental apartments for families and 81 rental apartments for low and very low-income seniors. Both the affordable family and rental housing apartments will be designed, constructed, and managed by Eden Housing. The proposed Wittek-Montana developments include 435 ownership/condominium units, as well as two market-rate rental apartment buildings containing a total of 241 units. The Wittek-Montana development is scheduled to be completed within eight years (FY 2017).

The Redevelopment Agency has conditionally committed up \$19.8 million in Agency funds and bonds, including \$7.1 for the Eden affordable housing developments. In addition, on June 30, 2009, the State Department of Housing Development (HCD) conditionally awarded Proposition 1-C funding in the amount of \$47 million to support the development of both the affordable and market-units under the Infill Infrastructure (\$30 million) and the Transit-Oriented Development (\$17 million) Programs.

2011-12:

In order to meet the remaining part of his Inclusionary Housing Ordinance requirements, the largest private developer of the Burbank-Cannery Sub-Area recently entered into a purchase agreement with the Agency to donate a parcel at the corner of B & Grand – adjacent to the existing Hayward Senior Housing complex. Staff views the site as a prime opportunity to develop the site for **Phase II of the Hayward Senior Housing**. Due to the need to conduct due diligence for the site and to obtain appropriate financing, completion of the development might not occur until the latter part of this term – towards the end of FY 2013 or beginning of 2014. Per preliminary architectural plans, the site may accommodate at least 22 units.

2012-13:

In June 2009 the Agency purchased a 32,015 square ft. site along the northern edge of the Burbank-Cannery Area in anticipation of future affordable housing development. The site, known as the **A & Walnut Site**, was surplus property from when the A Street overpass was constructed in the early 1980's and has remained vacant since then. Staff will pursue development of this site and expects completion at the end of FY 2012. Subject to further discussions with the Agency Board/City Council, it is suggested that this site be targeted for special needs housing for the disabled.

2013-14:

When the old Burbank School was demolished in summer 2008, the land where it was located was transferred by the school district to the Agency as partial consideration for construction by the Agency of a new school. The Agency intends on selling the surplus site for redevelopment with residential uses. The land sale proceeds will be used to help defray the cost of the new school. Following the issuance of a Request for Proposals (RFP) in 2007, the Agency selected a developer for the **Burbank School Residual Site**. In July, 2008 the Agency entered into an Exclusive Negotiating Agreement (ENA) with the developer for 66 units of semi-detached housing, but due to the recessionary state of the economy both parties agreed to terminate negotiations in February of 2009. The Agency plans on issuing a new RFP to solicit new development proposals for the site, once the housing sector improves.

Finally, the parcel located at the Corner of **C & Main** in downtown has approved plans for a 44-unit condominium/retail development. Due to existing economic conditions, this project has been put on hold, however, the development may be undertaken by 2014.