

DATE: June 29, 2010

TO: Redevelopment Agency Board Members

FROM: Maret Bartlett, Redevelopment Agency Director

SUBJECT: Authorization to Enter into an Exclusive Negotiating Agreement with Urban Dynamic, LLC, for a Proposed Residential Development at the Residual Burbank School Site

RECOMMENDATION

That the Agency Board adopts the attached resolution authorizing the Executive Director to enter into an Exclusive Negotiating Agreement (ENA) with Urban Dynamic, LLC for a period of three months.

BACKGROUND

The Agency acquired the Burbank Residual School site from the Hayward Unified School District (HUSD) in July, 2008. The site was conveyed to the Agency pursuant to the Public Facilities Development Agreement between the Agency, the City, HUSD, and the Hayward Area Recreation District (HARD), as partial payment to the Agency for funding the construction of the new Burbank Elementary School. The site is approximately 3.84 acres and it is an entire City block bounded by B and C Streets, to the north and south, respectively, and Myrtle and Filbert Streets to the East and West, respectively (see Attachment I).

In anticipation of acquiring the site from the HUSD, staff issued a Request for Proposals to solicit proposals from developers in 2007 to redevelop the site with residential use. Five development proposals were received, and the proposal by Citation Homes Central was selected on the basis of the firm's experience, the project's financial feasibility, and preliminary site and architectural plans that complemented the historic character and scale of the surrounding neighborhood. In addition, the developer expressed commitment to the City's Inclusionary Housing Ordinance, the Agency's prevailing wage requirements, and a commitment to incorporate Green Point building elements and other sustainable building practices. The developer proposed to pay the Agency \$6.2 million for the site, which was the highest land price proposed, and to develop it with sixty single-family homes.

An ENA was entered into with Citation in July 2008, which provided for a 120-day negotiating period to develop the terms of a DDA. Unfortunately, at that time, the national economy was entering a recessionary period, which ultimately had a severe impact on numerous sectors of the housing industry. As a result, negotiations with Citation began to stall, and by mutual agreement of

the Agency and Citation, negotiations were terminated in May 2009. Since then, it has been the Agency's intention to issue a new RFP for development proposals as the housing industry rebounds and land values increase.

DISCUSSION

In May 2010, the Agency received an unsolicited proposal from Urban Dynamic, LLC, to purchase the site for \$4.0 million. The developer is proposing to acquire the site and to redevelop it with an approximately sixty-unit residential community. Though architectural renderings and a site plan have not been submitted at this time, the developers have indicated that they have historically developed higher-end housing products. In preliminary discussions with the developer, staff has indicated that the Residual Burbank School Site is regarded as a premier site in the Burbank/Cannery and that redevelopment of the site warrants a high level of commitment to design, and innovative "green" building standards, while maintaining economic feasibility.

Urban Dynamic is the successor company to the Gregory Group, which built the Meridian development west of Union City Boulevard, and developed a portion of the Pacific State Steele sites in Union City. The developer has requested that the Agency enter into a ninety-day ENA to prepare initial development plans, to have the site appraised to determine its market value land for negotiations, and potentially to negotiate the basic terms of a Disposition and Development Agreement (DDA). Upon execution of the ENA, the developer will be required to pay a non-refundable \$5,000.00 deposit to the Agency for expenses incurred.

In the event that the Agency and the developer wish to proceed at the end of the initial ninety-day period, the ENA may be extended for another ninety days to prepare DDA documents. The DDA would specify the terms of the land sale, the development requirements, and a timeline for development of the site. In an effort to retain control of the site and to encourage its proper development, staff recommends that the DDA include provisions for the site to revert back to the Agency if the site is not developed within a reasonable period, and that the Agency have approval rights for any subsequent proposed sale of the land prior to completion of the proposed development. An additional deposit would be required from the developer.

Alternatively, the Agency Board may determine to hold the site for an additional year and then re-issue a Request for Development Proposals. By waiting, the value of the site may improve significantly, and the economy may improve enough to encourage renewed competition for the site's development.

FISCAL AND ECONOMIC IMPACT

If the Agency and Urban Dynamic successfully negotiate a DDA and the site is sold to Urban Dynamics within the next year, the sale proceeds could be used to fund other near-term high priority projects, such as the South Hayward BART Transit-oriented Development, or the City Center redevelopment. The Agency would also gain an estimated \$250,000 to \$300,000 per year in tax increment from the redevelopment of the site. Additionally, construction jobs would be created as the housing units are developed.

PUBLIC CONTACT

This is the first time the redevelopment of the site by Urban Dynamics has been presented at a public meeting.

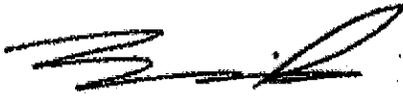
NEXT STEPS

If the Agency Board so authorizes, the Executive Director will execute the ENA, and staff will proceed to obtain an appraisal update for the site, and seek preliminary development plans from the developer. Should the ENA be successful and result in a draft DDA, the terms and conditions of that draft DDA would come back before the Agency Board.

Prepared by: Paul Dalmon, Project Manager

Recommended by: Maret Bartlett, Redevelopment Director

Approved by:



Fran David, Executive Director

Attachments: I. Site Map
II. Resolution Authorizing ENA with Urban Dynamic

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA-_____

Introduced by Agency _____

RESOLUTNION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN EXCLUSIVE NEGOTIATING AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD AND URBAN DYNAMIC, LLC, FOR A PROPOSED RESIDENTIAL DEVELOPMENT AT THE RESIDUAL BURBANK SCHOOL SITE

BE IT RESOLVED by the Agency Board of the City of Hayward that the Executive Director is hereby authorized and directed to execute on behalf of the Redevelopment Agency, for a period of 90 days, an Exclusive Negotiating Agreement with Urban Dynamic, LLC, for a proposed residential development at the Residual Burbank School Site, in a form to be approved by the City Attorney and providing for Urban Dynamic, LLC's payment of a \$5,000.00 deposit upon execution of the Exclusive Negotiating Agreement with the Agency.

HAYWARD, CALIFORNIA _____, 2010

ADOPTED BY THE FOLLOWING VOTE:

AYES: AGENCY MEMBERS:
CHAIR:

NOES: AGENCY MEMBERS:

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

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

APPROVED AS TO FORM:

General Counsel