



CITY OF  
**HAYWARD**  
HEART OF THE BAY

**DATE:** December 20, 2011

**TO:** Mayor and City Council  
Chair and Agency Board Members

**FROM:** Assistant City Manager/Interim Redevelopment Agency Director

**SUBJECT:** Agenda Item #9 – Correction to RDA Annual Report

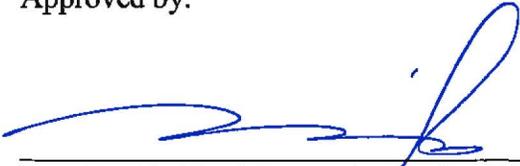
Staff is presenting this memorandum to provide corrections to two elements of the Redevelopment Annual Report: 1) the Project Area Report (Appendix B – pages 21-25) and 2) the Housing and Development Activities Report (Appendix C).

- 1) Project Area Report: A redline version of the Project Area report is attached to this memorandum to highlight the edits staff recommends. Upon further review of the report, staff wanted to ensure that it was clear that many of the activities outlined were undertaken under the auspices of the two Cooperation and Funding Agreements approved by the City Council, the Redevelopment Agency and the Housing Authority in early 2011. None of the language changes represent substantive changes to the information presented in the narrative.
- 2) Housing and Development Activities Report: The changes proposed to this report are more technical in nature and address an accounting technicality with respect to the use of Low Moderate Income Housing funds to make the Supplemental Educational Revenue Augmentation Fund (SERAF) payment to the State. Last year was the first year that the SERAF Payment (the Payment) needed to be reported on the Housing and Development Activities report. Staff had the option to report this Payment in the Housing Fund assets as a receivable (since it was a Low-Mod funding loan to the Agency), or as expenditure. Staff has utilized the second approach of recording the payment as an expenditure. When the Payment is recorded as expenditure, the Redevelopment Agency (RDA) Reporting System automatically creates a receivable in an amount equal to that Payment. This receivable amount is carried over from year to year on the reports.

As mentioned above, because the RDA Reporting System automatically carries forward to the following year all the SERAF payments (as receivables), the total assets reflected in this year's Housing Activities Report are much higher than those accurately reported on the RDA's Financial Statement (Audit). To address this discrepancy, the initial adjusted balance of the Housing Activities Report was adjusted down in amount equal to the outstanding SERAF payments. Therefore, the initial adjusted balance on the attached report is different than the balance reflected on the original report included with the Council packet. Every other number matches the original report and has been verified against the RDA's audit numbers.

*Prepared by:* Kelly McAdoo Morariu, Assistant City Manager/Interim Redevelopment Agency Director

Approved by:



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Fran David, City Manager/Executive Director

**Attachments:**

- 1) Revised Project Area Report
- 2) Revised Housing and Development Activities Report

## PROJECT AREA REPORT FY 2011

In FY 2011, the Hayward Redevelopment Agency initiated or continued work on the following activities:

### **ORIGINAL DOWNTOWN AREA & 1987 ANNEX SUB-AREA**

The Retail Attraction Program, which began in 2006, provides loans to property owners and businesses to attract targeted retailers and to fill persistent vacancies in downtown retail properties. In FY 2011, the Agency continued the work that was initiated in FY 2010 to refocus the program on the Foothill Boulevard Initiative, which has the goal of undertaking façade improvements to two significant block faces. After hiring an architectural firm in FY 2010, the firm, in conjunction with the affected property owners, completed designs and cost estimates for the work. In March 2011, the Agency executed twelve loan agreements with four property owners for a total Agency investment in the initiative of \$1.108 million. The property owners will provide matching funds of \$1.697 million to complete the improvements.

The Cinema Place entertainment complex, located at the heart of downtown Hayward, opened in October 2008. The development includes a two-story retail/entertainment complex featuring a 12-screen movie theatre operated by Century Theatres, 19,500 square feet of restaurant and retail space, and a 244-space public parking structure. In November 2010, a new sushi buffet restaurant opened, with an equipment loan provided by the City's Revolving Loan fund. The buffet has been very successful. The development was on ground-leased property owned by the Agency. In March 2011, the Agency Board adopted a resolution making required findings under Health and Safety Code Section 33430 to allow the conveyance of twenty parcels to the City, including the Cinema Place property. In May 2011, the Agency Board took action to assign the Ground Lease to the City, following conveyance of the property.

In September 2006, staff identified to the Agency Board that there were contaminated soil and groundwater issues associated with chlorinated solvents from historic on-site dry cleaning operations at the site of the Cinema Place project. Staff and an environmental consultant then worked to develop remediation methods, which the California Regional Water Quality Control Board (RWQCB) approved in late 2008. In December 2010, the consultant presented the results of a pilot remediation test and a final action plan. In March 2011 prior to the conveyance of the property to the City, the Agency Board approved a contract amendment with the consultant to complete the final remediation, which included the installation of zero-valent ion (ZVI) permeable filled borings (PEBs) to treat chlorinated volatile organic compound (COVC)-affected groundwater beneath Parcel 2 of the site. The installation of the borings was completed in the spring and the consultant will continue to monitor the remediation results and provide quarterly reports to the RWQCB.

During FY 2010, the Agency terminated negotiations with MIKA Realty Group for redevelopment of the City Center Campus with a new hotel and conference facility, multi-family housing to be built on a podium above the existing garage and rehabilitation of the existing office building. During FY 2011, the City completed demolition of the former Centennial Hall building. The City remains interested in redeveloping this property but Agency funding for the

project has been suspended due to recent reductions in tax increment revenues and State SERAF takeaways.

### **BURBANK/CANNERY SUB-AREA**

The centerpiece development for this Sub-Area is the new Burbank Elementary School and expanded Cannery Park, which were completed in FY 2009. The two-story school contains 41 classrooms, music and science rooms, and a teaching garden. The school also features a multi-purpose room which serves as a cafeteria and a gymnasium, and is available to the Hayward Area Recreation District (HARD) for recreational basketball use during non-school hours. The City has also utilized this room for a variety of community meetings. The adjacent Cannery Park was expanded and connected to the school, and surrounding streets and parking were also installed. The park improvements include new restrooms, picnic facilities, distinctive climbing features, a water play area, skateboarding and basketball facilities, and two refurbished, night-lit baseball fields. In FY 2011, the Agency received case closure from the California Department of Toxic Substance Control for site environmental remediation. The new school, expanded park and infrastructure project was an eight-year, \$40 million redevelopment effort.

The 3.9-acre Burbank Residual School site was transferred by the Hayward Unified School District to the Agency to help defray the cost of the new school. The Agency (and now the City as the property owner) intends to sell the site for residential development in accordance with the Cooperation Agreement between the City and the Agency. In June 2010, the Agency approved entering into negotiations with Urban Dynamic, LLC for the development of this site. In June 2011, the City approved a Purchase and Sale Agreement with Urban Dynamic in the amount of \$4 million and also approved the site entitlements to allow the construction of 57 single-family homes that incorporate “green” design features.

The residential developments at Cannery Place, south of the new Burbank School, continue to move forward following the sale of several tracts in the development to Taylor Morrison Homes and KB Homes in FY 2010. The City issued building permits in FY 2011 for many of the units in the final phases of this development, which now includes 623 units total.

### **FOOTHILL/MISSION SUB-AREA**

FY 2011 saw significant progress on two major Agency-funded planning projects affecting this Sub-Area. The South Hayward BART/Mission Boulevard Form-Based Code Project encompasses the area extending along Mission Boulevard from Harder Road to Industrial Boulevard. The purpose of this planning effort is to refine the vision set forth in the 2006 Concept Plan for the area surrounding the South Hayward BART Station with zoning regulations, subdivision standards, and design standards. Staff finalized preparations for a September 2011 Council adoption of the Form-Based Code.

The Mission Corridor Specific Plan continues the planning process along the Mission Boulevard corridor, from Harder Road to Jackson Street, and from A Street north to the City boundaries. This plan excludes Mission Boulevard within the Downtown Area. The goals for this Plan also include development of a form-based code, promotion of pedestrian-friendly urban design, and a

revitalization strategy to address distressed commercial properties, particularly older auto-oriented uses. This plan is scheduled for adoption by Council in FY 2012.

The proposed South Hayward BART Station transit-oriented development (TOD) by Wittek and Montana originally consisted of a major housing and retail development, plus BART replacement parking and circulation improvements. The project originally included 777 total units of housing, including 206 affordable apartments to be developed by Eden Housing, with another 230 units of market-rate apartments and 341 condominium units. The total cost of the project was estimated at approximately \$290 million. The project was entitled by the City in FY 2009, and in June 2009, the project was awarded State Proposition 1C funding in the amount of \$47 million, consisting of \$17 million for the affordable housing and \$30 million for public improvements. As part of the application process, the Agency conditionally committed to provide local match funds of up to \$19.8 million, including \$12.7 million for public improvements and \$7.1 million for affordable housing from the Low and Moderate Income Housing Fund.

Due to economic conditions and lack of availability of Agency funds to support the development, the developers submitted a re-phasing plan for the project in February 2011. Staff approved a minor modification to the Planned District Zoning in March 2011. Phase I of the project will include approximately 200 market rate units, 87 affordable family units, and 64 affordable senior units. The project will still be able to leverage \$32 million from the State Proposition 1C funding. In support of the affordable housing component of the project, the City Council and Housing Authority Board (acting on behalf of the Agency pursuant to the Housing Cooperation Agreement) re-authorized approved loans in June 2011 totaling \$7.1 million to Eden Housing from a combination of Low-Mod Housing funds and other Federal funds. In addition, the Agency-City Council (acting on behalf of the Agency pursuant to the Cooperation Agreement) approved an appropriation of \$450,000 in local matching funds in spring 2011 for a Transportation for Livable Communities (TLC) grant application to fund additional public infrastructure improvements associated with the project.

### **AFFORDABLE HOUSING**

In July 2010, Citation Homes transferred, at no cost, an approximately one-acre parcel located at B & Grand Streets to the Agency, in fulfillment of the developer's inclusionary housing requirements related to the Cannery Place development. As part of the acquisition, staff obtained a Phase I environmental report and worked with Citation Homes and the Regional Water Quality Control Board regarding the need for final confirmation site testing prior to development. The Agency-Housing Authority (acting pursuant to the Housing Cooperation Agreement) negotiated with Eden Housing to develop an approximately 22-unit addition to the adjacent C & Grand Senior Housing development. In May 2011, the Council approved the entitlements for the project along with a Disposition and Development Agreement with Eden Housing. Given the funding challenges with the South Hayward BART project, the Agency-City Council reallocated funding originally programmed for the B & Grand project to the South Hayward BART affordable housing development. This project is on hold until the developer secures alternate financing.

As mentioned above, the City Council and Housing Authority Board (acting on behalf of the Agency pursuant to the terms of the Housing Cooperation Agreement) approved loans in June 2011 totaling \$7.1 million to Eden Housing from a combination of Low-Mod Housing and Federal funds to develop 151 units of affordable family and senior housing as part of the South Hayward BART transit-oriented development. Approximately \$17 million of the State Proposition 1C funding will specifically support the affordable housing development in this project.

In June 2009, the Agency purchased a 32,015 square foot vacant site on the corner of A and Walnut Street along the northern edge of the Burbank/Cannery Area. This surplus site was purchased from the City of Hayward for \$707,000 with Low and Moderate Income Housing funds in anticipation of future affordable housing development. The City received a proposal from Habitat for Humanity in FY 2011 to develop the site with ten units of for-sale housing affordable to low income families. Staff is working to negotiate a Disposition and Development Agreement with Habitat, which will likely be approved in FY 2012.

Twenty-four loans, amounting to a total of \$750,000, were made under the First Time Homebuyer program in FY 2011. This program is funded by the Low and Moderate Income Housing Fund and staff works with a contract service provider, Bay Area Homebuyer Agency (BAHBA), to administer the program. Two additional \$30,000 down payment assistance loans were provided to households participating in the Opportunity to Purchase a Home Program (OPHP) implemented as part of the SR238 Settlement Implementation Project.

Finally, the City, in furtherance of the Agency's affordable housing goals, continued to partner with Habitat for Humanity to acquire and rehabilitate foreclosed homes in the City utilizing the City's \$1.5 million Federal Neighborhood Stabilization Program I (NSP I) funds received through the State Department of Housing and Community Development. During FY 2011, rehabilitation was completed on four (4) homes that were later sold to low and moderate income families. As a member of the Alameda County Neighborhood Stabilization Program II (NSP II) Consortium, the City received an additional \$1.5 million, which the City decided to use to supplement the NSP I Program. Utilizing this additional funding, the City sold three (3) additional homes during FY 2011. Upon conclusion of the NSP I and NSP II Programs (anticipated during FY 2012), the City will be able to acquire, rehabilitate and sell up to 20 foreclosed or otherwise blighted homes to low and moderate-income households.

### **AGENCY'S PROGRESS IN ALLEVIATING BLIGHT**

(Pursuant to H&S Code 33080.1 (d), (e) and (f))

The Agency continued to make progress in alleviating blight in several specific ways:

- The Agency's Foothill Façade Initiative will rehabilitate the façades of twelve storefronts along a major City arterial, thereby assisting property owners in making investments necessary to attract tenants to vacant retail spaces and reducing or eliminating conditions that prevent or substantially hinder the viable use or capacity of the buildings.
- The City and Agency have worked to eliminate buildings in which it is unsafe or unhealthy for persons to live or work and to reduce high crime rates in the project area by

enforcing security and maintenance of the vacant office building at City Center and ~~completed demolition of~~ demolishing Centennial Hall in FY 2011, which stood vacant and attracted a variety of nuisances.

- The City (acting under the Cooperation Agreement) will continue Ongoing environmental remediation at Cinema Place and at the Cannery Park site. The City and Agency's activities -have enabled the redevelopment of these areas and have worked to reduce or eliminate the effects of impaired property values, due in significant part, to hazardous wastes. The Burbank Residual School site property will also undergo remediation activities.
- The approvals of the 57-unit single family residential development at the Burbank Residual School site and the 22-unit affordable senior housing development at the B & Grand site will facilitate development of these currently vacant lots adding to the vitality and attractiveness of the surrounding neighborhood.
- Blight reducing activities associated with City-wide affordable housing production and preservation as an effort to reduce the effects of depreciated or stagnant property values include the 7 foreclosed homes purchased and rehabilitated in FY 2011 with Federal NSP funds and the approval of loans totaling \$7.1 million to support the South Hayward BART affordable transit-oriented development (151 senior and family units), which will be constructed on the site of a vacant former auto body shop.

#### **STATUS OF AGENCY LOANS**

(Pursuant to H&S 33080.1 (d), (e) and (f))

The Agency is not in default on any loans, nor is it out of compliance with respect to any of its existing debt.

#### **TIME LIMITS FOR INITIATING EMINENT DOMAIN PROCEEDINGS**

(Pursuant to H&S 33080.1)

The time limit for commencement of eminent domain proceedings to acquire property is set to expire on June 26, 2013 and is effective only for the Mission/Foothill sub-area. The time limit for commencement of eminent domain proceedings to acquire property in all other subareas expired November 10, 2010. The Agency currently has no plans to commence eminent domain proceedings.

#### **INVENTORY OF AGENCY-OWNED PROPERTIES**

The Agency no longer holds title to any properties. In March 2011, the Agency Board adopted a resolution making required findings under Health and Safety Code Section 33430 to allow the conveyance of all Agency-held land to the City (twenty parcels).

**California Redevelopment Agencies - Fiscal Year 2010/2011**  
**Status of Low and Moderate Income Housing Funds**  
**Sch C Agency Financial Summary**  
**HAYWARD**

<i>Adjusted Beginning Balance</i>	<i>Project Area Receipts</i>	<i>Agency Other Revenue</i>	<i>Total Expenses</i>	<i>Net Resources Available</i>	<i>Other Housing Fund Assets</i>	<i>Total Housing Fund Assets</i>	<i>Encum- brances</i>	<i>* Unen- cumbered Balance</i>	<i>Unen- cumbered Designated</i>	<i>Unen- cumbered Not Dsgntd</i>
\$8,071,382	\$2,176,270	\$0	\$10,246,829	\$823	\$3,876,516	\$3,877,339	\$0	\$823	\$0	\$823

<i>Expenses</i>	<i>Debt Service</i>	<i>Housing Construction</i>	<i>Planning and Administration Costs</i>	<i>SERAF loan</i>	<i>Subsidies</i>	<i>Transfers Out of Agency</i>	<i>Total</i>
2010/2011	\$115	\$338,624	\$452,371	\$455,142	\$1,579,829	\$7,420,748	\$10,246,829

*\*The Unencumbered Balance is equal to Net Resources Available minus Encumbrances*

*Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)*

**California Redevelopment Agencies - Fiscal Year 2010/2011  
 Status of Low and Moderate Income Housing Funds  
 Sch C Agency Financial and Program Detail  
 HAYWARD**

	<b>Beginning Balance</b>	<b>\$8,071,382</b>
	<b>Adjustment to Beginning Balance</b>	<b>\$0</b>
	<b>Adjusted Beginning Balance</b>	<b>\$8,071,382</b>
<b>Total Tax Increment From PA(s)</b>	<b>\$2,070,211</b>	<b>Total Receipts from PA(s)</b>
		<b>\$2,176,270</b>
	<b>Other Revenues not reported on Schedule A</b>	<b>\$0</b>
	<b>Sum of Beginning Balance and Revenues</b>	<b>\$10,247,652</b>

<i>Expenditure</i>			
<u>Item</u>	<u>Subitem</u>	<u>Amount</u>	<u>Remark</u>
<b>Debt Service</b>			
Interest Expense		\$115	
	<b>Subtotal of Debt Service</b>	<b>\$115</b>	
<b>Housing Construction</b>			
		\$338,624	
	<b>Subtotal of Housing Construction</b>	<b>\$338,624</b>	
<b>Planning and Administration Costs</b>			
Administration Costs		\$246,866	
Professional Services		\$205,505	
	<b>Subtotal of Planning and Administration Costs</b>	<b>\$452,371</b>	
<b>SERAF loan</b>			
		\$455,142	
	<b>Subtotal of SERAF loan</b>	<b>\$455,142</b>	
<b>Subsidies from the LMIHF</b>			
Other		\$1,579,829	Grants and Loans to City of Hayward Housing Authority to carry out affordable



California Redevelopment Agencies - Fiscal Year 2010/2011  
 Status of Low and Moderate Income Housing Funds  
 Sch C Agency Financial and Program Detail  
 HAYWARD

Unencumbered Undesignated	\$823
Total Encumbrances	\$0
Unencumbered Balance	\$823
Unencumbered Balance Adjusted for Debt Proceeds	\$0
Unencumbered Balance Adjusted for Land Sales	\$0
Excess Surplus Expenditure Plan	No
Excess Surplus Plan Adoption Date	

<b>Site Improvement Activities Benefiting Households</b>				
<u>Income Level</u>	<u>Low</u>	<u>Very Low</u>	<u>Moderate</u>	<u>Total</u>

<b>Land Held for Future Development</b>					
<u>Site Name</u>	<u>Num Of Acres</u>	<u>Zoning</u>	<u>Purchase Date</u>	<u>Estimated Start Date</u>	<u>Remark</u>

**Use of the Housing Fund to Assist Mortgagees**

<b>Income Adjustment Factors</b>	<input type="text"/>	<b>Requirements Completed</b>	<input type="text"/>
Home	\$ <input type="text"/>	Hope	\$ <input type="text"/>

<b>Non Housing Redevelopment Funds Usage</b>	<input type="text"/>
<b>Resource Needs</b>	<input type="text"/>

<b>LMIHF Deposits/Withdrawals</b>				
<u>Document Name</u>	<u>Document Date</u>	<u>Custodian Name</u>	<u>Custodian Phone</u>	<u>Copy Source</u>

<b>Achievements</b>
<b>Description</b>

**California Redevelopment Agencies-Fiscal Year 2010/2011  
 Project Area Contributions to Low and Moderate Income Housing Funds  
 Sch A Project Area Summary Report  
 HAYWARD**

<b>Project Area</b>	<b>100% of Tax Increment</b>	<b>20% Set Aside Requirement</b>	<b>Tax Increment Allocated</b>	<b>Amount Exempted</b>	<b>Amount Suspended and/or Deferred</b>	<b>Tax Incr. Deposited to Hsng Fund</b>	<b>Percent of Tax Incr Dep</b>	<b>Repayment Deferrals</b>	<b>Other Income</b>	<b>Total Deposited to Housing</b>
<b>DOWNTOWN HAYWARD PROJECT</b>	<b>\$10,351,054</b>	<b>\$2,070,211</b>	<b>\$2,070,211</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,070,211</b>	<b>20.00%</b>	<b>\$0</b>	<b>\$106,059</b>	<b>\$2,176,270</b>
<b>Agency Totals:</b>	<b>\$10,351,054</b>	<b>\$2,070,211</b>	<b>\$2,070,211</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,070,211</b>	<b>20.00%</b>	<b>\$0</b>	<b>\$106,059</b>	<b>\$2,176,270</b>

**Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)**



California Redevelopment Agencies - Fiscal Year 2010/2011  
Sch A/B Project Area Program Information  
**HAYWARD**

Project Area: **DOWNTOWN HAYWARD PROJECT**

*FUTURE UNIT CONSTRUCTION*

<u>Contract Name</u>	<u>Execution Date</u>	<u>Estimated Completion Date</u>	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Total</u>
South Hayward BART Project	07/16/10	10/01/13	91	59	1	151

**California Redevelopment Agencies - Fiscal Year 2010/2011  
Sch D General Project Information  
HAYWARD**

**Project Area Name: OUTSIDE PROJECT AREA**

**Project Name: First Time Homebuyer Program**  
**Address: 777 B Street Hayward 94541**  
**PROJECT FUNDING SOURCE**

<u>Funding Source</u>	<u>Amount</u>
Redevelopment Funds	\$750,000
Federal Funds	\$90,000
State Funds	\$65,250
Private Funds	\$6,360,669
Owner Equity	\$701,932

**Project Name: Inclusionary Housing Program**  
**Address: 777 b street hayward 94541**  
**Owner Name: City of Hayward**  
**UNIT INVENTORY**

			<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Mod</u>	<u>Became Ineligible</u>	<u>Total</u>
<u>Inclusionary</u>								
<u>Unit</u>								
<b>New Construction</b>								
Non-Agency	Owner	Non-Elderly	0	0	9	0	0	9
<b>Unit Total</b>			0	0	9	0	0	9

**Project Name: Route 238 Opportunity to Purchase Home Program**  
**Address: 777 B Street Hayward 94541**  
**PROJECT FUNDING SOURCE**

<u>Funding Source</u>	<u>Amount</u>
Redevelopment Funds	\$60,000
State Funds	\$12,000
Private Funds	\$669,000
Owner Equity	\$59,000

**SCHEDULE HCD E**  
**CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES**  
*(This Form is Information Only: Actual Obligation is based on Implementation Plan)*

**Report Year: 2010/2011**

**Agency: HAYWARD**

**NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).**

<b>PART I</b> [H & SC Section 33413(b)(1)] <b>AGENCY DEVELOPED</b>	
1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low Income</u> Units (line 4 x 50%)	0
<b>PART II</b> [H & SC Section 33413(b)(2)] <b>NON-AGENCY DEVELOPED UNITS</b>	
6. New Units	96
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	96
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	15
10. Subtotal of Inclusionary Obligation Accrued this year for <u>Very Low Income</u> Units (line 9 x 40%)	6
<b>PART III</b> <b>TOTALS</b>	
11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	15
12. Total Increase in <u>Very Low Income</u> Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	6