I Existing Demographic, Fiscal, and Market Conditions

1.1 Introduction

The purpose of this report is to provide guidance to the City on land use designations that could generate new private development and investment in the area, and that could be fiscally neutral to the city. This report provides information on the mid- to long-term market potential for a variety of land uses in the Route 238 Bypass study area, and offers an overview of the City of Hayward's current fiscal situation as it may potentially relate to the study area. Some of the Caltrans parcels may be most suitable for community serving uses such as parks, open space, affordable housing, or non-profit services. Since many of these uses are not dictated by market conditions, this report should not be considered a comprehensive recommendation for all possible uses. Instead this report offers recommendations for uses that can occur in the private development market, where private development is considered by the community to be the highest and best use.

Section 1.2 provides an overview of the characteristics of current residents in the study area and the Primary Market Area. Section 1.3 evaluates the current and forecasted market for uses in the Primary Market Area, including detached and multifamily ownership residential, rental residential, retail, and office uses. Section 1.4 summarizes the current fiscal condition of the City of Hayward General Fund, and identifies possible fiscal implications of land use or ownership changes in the Study Area. This chapter also looks at possible fiscal issues relating to the Hayward Area Recreation and Parks District (HARD), as the District could also be greatly affected by the conceptual land use plan. Chapter V offers a brief overview of relocation issues affecting Caltrans tenants in order to assess the City's roles, responsibilities, and fiscal impacts.

The Primary Market Area

The "primary market area" is the geography used to evaluate local market potential throughout this report. Figure 1.1, on the following page, and Figure A-1 in the Appendix show the Primary Market Area ("PMA") as it relates to the study area and the City of Hayward. The PMA has been defined using three basic parameters:

- The households in the PMA would most likely consider shopping for neighborhood goods and services along Foothill Boulevard, Mission Boulevard, A Street, and B Street, adjacent to the study area. The demographics of existing households in this area can help provide a sense of the demand for retail uses in these areas.

- The PMA reflects the unique "Hayward Hills" submarket for residential development. The area incorporates most of the Hayward Hills, including areas of unincorporated Alameda County. It provides the best sense of the factors that make the Hayward Hills a competitive location for new residential development.

- The PMA has been selected to allow for time series analysis of recent growth. In other words, the PMA is comprised of Census Tracts that had similar boundaries in both the 1990 and 2000 Census.

1.2 Demographic Overview

This demographic overview describes general characteristics of the population and households in the Primary Market Area in order to better understand the unique characteristics of residents in the Hayward hills, characteristics of potential buyers and renters of future homes, the buying preferences of the current population, and the demand for neighborhood-serving retail throughout the Route 238 Bypass Study Area. The Primary Market Area (Figure 1.1) is delineated to cover an area that has similar demographics as current and potential residents in the Study Area. The corresponding demographic tables for this analysis are shown in Appendix A.

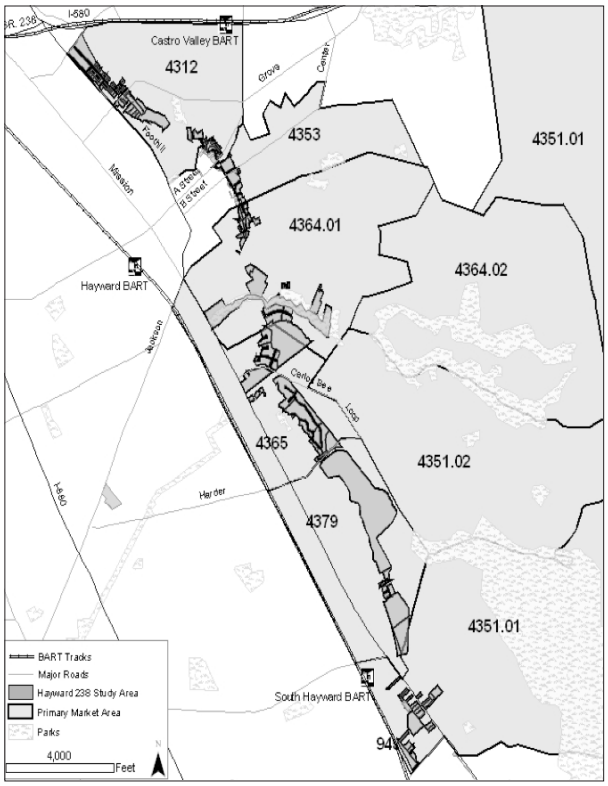

Figure 1.1: The Study Area and Primary Market Area

Source: Strategic Economics, US Census TIGER Files, County of Alameda Assessor's Office, City of Hayward

1.2.1 Major Demographic Characteristics of the Primary Market Area

From 1990 to 2000, the Primary Market Area grew at approximately the same pace as the City of Hayward as a whole. [1]

From 1990 to 2000 the population of the Primary Market Area grew by 28 percent, adding 9,568 residents for a year 2000 population of 33,799. From 1990 to 2000, 2,604 new households were added to the Primary Market area for an overall increase of 19 percent. During the same time period, the City of Hayward grew by 26 percent for a total population of 140,030 in 2000.

Growth in both the Primary Market Area and the City slowed from 2000 to 2004.

The total housing units in the Primary Market Area grew by two percent from 2000 to 2004, to 11,642 units, according to a City estimate, for an average annual growth rate of 0.6 percent.[2] The average annual growth rate for the City as a whole for the same time period was 0.8 percent. Comparably, the average annual growth rate in the Primary Market Area from 1990 to 2000 was 1.8 percent, compared with 1.1 percent in the City. Thus housing development has slowed down as land supply has become increasingly constrained throughout the city.

Household sizes are much smaller in the Primary Market Area than in the City.

Although household sizes in the Primary Market Area increased from 2.46 to 2.61 between 1990 and 2000, household sizes remained much smaller than the citywide 2000 average of 3.10. Citywide household sizes also grew in this same time period, from a 1990 average of 2.75. Thus, in addition to new development, growing household sizes contributed to the population growth that occurred between 1990 and 2000. Since 2000, household sizes have continued to grow to an average of 2.66 in the Primary Market Area in 2007. Household sizes in the City have remained approximately the same between 2000 and 2007.

The Primary Market Area has a smaller share of families than the City.

The Primary Market Area has a smaller share of family households. In 2000, 64 percent of Primary Market Area households were families, 71 percent of households in Hayward were families. Alameda County as a whole is similar to the Primary Market Area in its share of families, at 65 percent. A quarter of the households in the Primary Market Area classify themselves as single person households. Greater Hayward has a slightly smaller share of single person households at 21 percent. According to the 2000 Census, 26 percent of Primary Market Area households classify themselves as married couples with no children. This is slightly higher than the City share of 24 percent, and the County at 23 percent.

	PMA	City of Hayward	Alameda County
1990	$82,273	$67,923	$76,007
2000	$90,714	$73,354	$87,951
2007	$89,492	$72,345	$86,749

Table 1.1: Comparison of Average Household Incomes, 1990-2007
Sources: U.S. Census 1990, U.S. Census 2000, Claritas, Inc., Strategic Economics. In 2007 Dollars

[1] Source: U.S. Census 1990, U.S. Census 2000, for all 1990 and 2000 demographic data in this chapter

[2] Source: City of Hayward Community and Economic Development Department. Online at http://www.hayward-ca.gov/departments/ced/documents/planning/HousingGrowth2000-04.pdf

Average household incomes are slightly higher in the Primary Market Area than in the City and County. Incomes have increased in all three areas.

Over the last 17 years, the Primary Market Area has maintained higher average household incomes than the City of Hayward and Alameda County. Average household incomes were $82,203, $67,923, and $76,007, respectively, in 1990 (2007 dollars). Since then, average household incomes have increased by nearly 15 percent in Alameda County as a whole and 8 percent in Hayward. Year 2007 household incomes for the Primary Market Area, City, and County, are $89,492, $72,345, and $86,749, respectively.

Homeownership rates are comparable in the Primary Market Area and the City.

In 2007, 54 percent of residents in the Primary Market Area own their homes, which is similar to the rate in the City of Hayward (53 percent) and the County (55 percent). Given the hillside nature of much of the Primary Market Area, it is notable that the area maintains a similar mix of owners and renters. Although the Primary Market Area's current ownership rates are similar to the region, rental housing made up a greater share of the market in 1990, with homeownership rates of 49 percent. This and rising incomes suggest that much of the residential development in the Primary Market Area since 1990 has been higher end, for-sale housing.

Primary Market Area residents are older than City residents on average.

The 2007 average age was 36.9 in the Primary Market Area, 34.1 in the City, and 36.8 in the County. The average age in both the Primary Market Area and the City has increased since 2000, which could largely be explained by the aging baby boomer population.

Compared to the rest of the City, the Primary Market Area has a higher share of White residents and a lower share of Hispanic/Latino residents.

In 2000, 45 percent of Primary Market Area residents were White, compared with 29 percent of greater Hayward residents. The share of Hispanic or Latino residents in the Primary Market Area in 2000 was 20 percent, compared to 34 percent in the City and 16 percent in the County. Sixteen percent of Primary Market Area residents were Asian in 2000, and 13 percent were Black or African American.

The share of the Primary Market Area labor force that drove alone is higher than in the City of Hayward (70 percent) and Alameda County (66 percent).

According to Census 2000 information, the majority of workers in the Primary Market Area drove alone to work (nearly 73 percent). The share of the labor force driving to work decreased slightly from 1990 levels (74 percent).

Hayward has a greater share of carpoolers than Alameda County.

In 2000, 18 percent of Hayward's labor force carpooled to work. This compares with 14 percent in the Primary Market Area, and 14 percent in Alameda County. The share of carpoolers increased in all three areas between 1990 and 2000.

While the share of the labor force taking the bus dropped from 1990 to 2000, the share of the labor force taking BART increased.

Slightly more than one percent of Primary Market Area residents took the bus to work in 2000, compared with slightly more than two percent in the City and three percent in the County. Simultaneously, the Primary Market Area's labor force was more likely to take BART than the City or County's labor force, with 5.3 percent of commuters getting to work on rail. The share of the labor force commuting by rail increased slightly in all areas between 1990 and 2000.

Primary Market Area residents are employed throughout the region, with the greatest concentration in Hayward.

In 2000, 27.6 percent of Hayward residents worked in Hayward. This figure represents a decrease from 33.5 percent in 1990. In 2004 the top cities where Primary Market Area residents are employed, in order of rank, are Hayward, Oakland, San Francisco, Fremont and San Jose.

1.2.2 Summary of Demographic Characteristics

The Primary Market Area tends to have smaller average household sizes than the City of Hayward overall, with a smaller share of families with children. These households also tend to enjoy higher average household incomes than Hayward as a whole. This is likely because homes in the Hayward Hills (which is generally equivalent to the Primary Market Area) tend to sell at a premium over homes in other parts of Hayward, offering unique amenities such as views of the bay, proximity to open space and trails, and greater seclusion from the surrounding urbanized area.

Though a smaller share of residents in the Primary Market Area tend to commute on transit, BART has become an increasingly popular option for all residents since 1990. Connecting AC Transit service in the hills should therefore continue to be supported and encouraged, as residents increasingly seek alternative transportation options. In spite of the housing boom over the last several years, new growth in Hayward has slowed compared with rates between 1990 and 2000. This slower growth is a reflection of the land supply constraints that are increasingly the norm in Bay Area cities.

1.3 Market Assessment

This chapter evaluates the opportunity for new development in the Study Area. Development opportunities are defined using three basic parameters:

1. Whether the physical characteristics of the site can support desired uses;
2. Whether there is enough pent-up market demand for desired uses in the primary market area; and
3. Whether demand is great enough to make the desired uses financially feasible, given the anticipated set of costs associated with development.

In the following sections, Strategic Economics evaluates the physical characteristics of the sites available for development in the Study Area, and assesses the existing market conditions for the variety of possible uses including residential, retail, and office. The following analysis does not include a detailed assessment of the financial feasibility for development of the sites, as this information will fluctuate based on immediate market demand and immediate construction costs, and is not relevant to the longer term land use planning process being informed by this study.

1.3.1 Development Potential Based on Site Characteristics

The hillside location of the Study Area makes physical characteristics a significant factor in defining possible uses for many of the Caltrans-owned parcels. Strategic Economics evaluated the following conditions based on their likelihood to define or constrain particular development opportunities:

Characteristics Influencing Market Demand

Site Visibility and Access

Good site visibility and access are key variables in defining the success of retail and office uses. Sites on Mission Blvd., Foothill Blvd., A Street and B Street all offer opportunities for potential retail and office-based businesses to take advantage of good visibility and access. Another factor defining the retail potential of these corridors is whether they generate a significant amount of auto or pedestrian traffic, and, for some businesses, whether they are on the "going home" side of the road, thus increasing the convenience of shopping for local commuters.

Characteristics Limiting Development Opportunity

Surrounding land use mix and influence on site

New uses should be compatible with the existing land use mix, maintaining key benefits and amenities of the surrounding area. Similarly, existing conditions such as the noise and vibrations of traffic on Mission and Foothill Boulevards will limit the types of uses that will be compatible on adjacent sites.

Slope, fault

Many of the Caltrans parcels have significant slope and fault issues that will restrict the amount and type of possible development. Recent experiences with new hillside development have further highlighted the additional risk associated with building on even an acceptable slope. Further sections discuss the challenges of developing sloping parcels.

Parcel size and configuration

Larger, more regularly shaped parcels will draw a greater number of potential developers than parcels with odd configurations and of limited size. For example, most experienced developers will not consider building on a parcel smaller than a half an acre. This is particularly true when uses require significant amounts of parking, because it is difficult to accommodate parking on narrow sites.

Pedestrian, transit, auto access limitations

There is a growing national demand for more compact development in a walkable environment, and many of the sites in the Study Area are appropriately located and configured to accommodate this demand. One key to the success of a pedestrian-oriented environment is ensuring that daily goods and services are accessible without a car. Some sites in the study area are certainly appropriate for more intensive uses, but hills and other access constraints will limit the ability of potential residents to reduce their car trips.

Characteristics Rendering the Site Best for Public Use

Existing open space, trail connections, civic uses nearby, view/wildlife/ perception as community asset

The Caltrans sites are some of the last remaining open space areas in the developed Hayward Hills. They may offer key, rare opportunities for parks, open space, and trail connections within the City of Hayward.

Development Opportunities based on the Above Analysis

The Study Area offers opportunities for development of a variety of uses, including retail, small offices, townhouses, condominiums, apartments, mixed-use development, civic uses, and single-family homes. However, not all sites are appropriate for each of these uses. In order to account for the multiple combinations of the above characteristics that present opportunities and constraints for each particular site, Strategic Economics divided the Study Area into sub-areas with similar characteristics, and thus similar development opportunities. The full sub-area evaluation can be found in Appendix B, Table B-1.

1.3.2 Market Demand Assessment

The growing demand for multifamily housing types, coupled with successful City redevelopment efforts, has triggered substantial new development of condominiums and townhouses throughout the City of Hayward. This new development is coupled with a growing demand for commercial space, and – with a critical mass of new residents – reinvestment in the City's major commercial corridors. This analysis describes the current residential, retail, and office market conditions as they relate to future development opportunities in the Study Area.

Ownership Residential Market Trends and Conditions

This analysis describes the market potential for ownership housing in the Route 238 Bypass Study Area, covering uses that include single-family homes, condominiums, and townhouses. The following analysis: 1) describes recent housing activity in the general neighborhood that includes the Study Area, 2) profiles relevant current developments in the City and surrounding areas, and 3) evaluates the long-term projected demand for housing in the City of Hayward.

Regional Market Characteristics

The demand for ownership housing in the San Francisco Bay Area region is presently experiencing a downturn relative to bullish conditions that have dominated the market over the last several years. Concerns over the current subprime mortgage crisis have made it difficult for potential homebuyers to secure loans. Mortgage lenders are limited in the number of "jumbo loans" (over $417,000) that they are allowed to offer, putting homeownership in the Bay Area out of reach of many households. The pool of buyers is additionally hesitant to purchase homes in a market that appears to be continuing to adjust home prices downward. Though the volume of sales throughout the Bay Area has significantly declined in the last year, median home sales prices in the region, and in the City of Hayward, remain high and relatively stable when compared with historic trends (Figure 1.2).

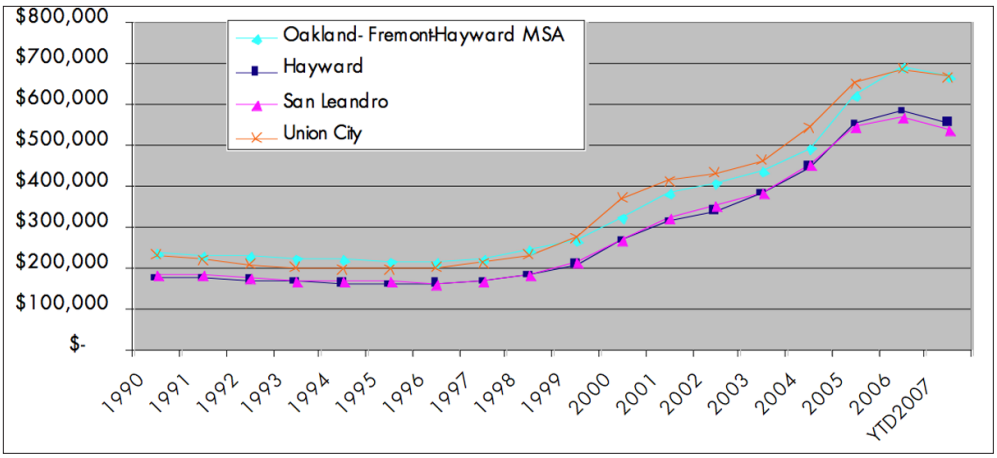

Figure 1.2: Median Home Price Trends in the City of Hayward and Surrounding Areas, 1990 to October 2007

Source: DataQuick, Strategic Economics, 2007. MSA Data includes all housing types; Cities include single-family homes only.

In the short to mid-term, the housing market throughout the Bay Area is expected to recover from its current slump as the region continues to add jobs and demand for housing outstrips supply. ABAG projects that the City of Hayward will add an additional 10,090 households between 2005 and 2035, reaching a total of 56,780 households. This represents an average annual growth rate of 0.65 percent, which is slightly slower than Alameda County's projected average annual growth rate of 0.85 percent. This slower growth rate is not surprising given that Hayward has a constrained land supply relative to other parts of the County that can accommodate more rapid growth.

Local Housing Activity

Single-family Residential

As Figure 1.2 illustrates on the following page, single-family home prices in Hayward have followed trends in the Oakland-Fremont-MSA since 1990, although sales prices in Hayward tend to regularly fall below the median in this MSA. In 2007, the present median single-family home price in Hayward is $555,000, compared with $667,000 in the Oakland MSA. Brokers report that while views from the Hayward Hills are a major draw for potential homebuyers, the Hayward school district is of a lower quality than surrounding cities, and this pushes prices down relative to neighboring areas. Median single-family home prices in Union City and Fremont, for example, are 20 to 30 percent higher than median prices in Hayward.[3]

Single-family homes in the Primary Market Area tend to sell for a premium over the City of Hayward as a whole. This is both because these homes tend to be larger, and because the hillside areas more frequently offer buyers amenities including views, proximity to regional parks, and seclusion from traffic and noise. Brokers report that

[3] Source: DataQuick, Strategic Economics. January to October 2007.

Hayward buyers will pay between 10 and 50 percent more for a view from the hills. Table 1.2 shows that though the average single-family home price is significantly higher in the Primary Market Area, the price per square foot is lower than the City average.

Multifamily Ownership Residential

According to local real estate experts, multifamily units including condominiums and townhomes in Hayward tend to cater to first time homebuyers and single professionals. As families typically do not have a demand for multifamily ownership housing, neighboring cities with better school districts do not command the same price premiums over Hayward as they do with single-family homes. For 2007 to date, the median condominium price in Union City was only two percent higher than Hayward's median price of $410,000.[4]

Table 1.3 shows that multifamily ownership re-sales are nearly comparable for the Market Area and the City of Hayward. The stock of multifamily ownership housing in the Market Area is quite similar to the City's stock of condominiums, in terms of size, year built, and typical amenities. While several multifamily ownership projects in the Market Area have hillside views, these projects tend to be concentrated closer to the flatland areas near Mission and Foothill Boulevards.

Local real estate brokers report that over the last year prices for multifamily ownership housing have dropped more quickly than the prices for single-family homes. However, brokers have reported that the City's reinvestment in Downtown Hayward has largely boosted the market for multifamily ownership housing, and they anticipate that the market will recover within the next two years as momentum for development in the Downtown area continues to build. The area near City Center drive is also quite popular, and one broker suggested that sites in this area would be competitive for multifamily development once the market recovers.

	Market Area	Hayward
Avg Price per Sq. Ft.	$ 383	$ 400
Average Price	$ 755,386	$ 598,419
Average Sq. Ft.	1,974	1,496
Count of Sales	72	396

Table 1.2: Average Single-family Residential Resale Prices, Market Area and Hayward, January to August 2007

Source: First American Real Estate Solutions, Strategic Economics

	Market Area	Hayward
Avg Price per Sq. Ft.	$ 372	$ 376
Average Price	$ 392,406	$ 396,065
Average Sq. Ft.	1,055	1,053
Count of Sales	34	92

Table 1.3: Average Multifamily Ownership Resale Prices, Market Area and Hayward, January to August 2007

Source: First American Real Estate Solutions, Strategic Economics

Profile of Recent Local Development

Single-family Residential

Table 1.4 shows that asking prices for new single-family homes in and near the City of Hayward fall in a wide range depending on the unit type, from luxury golf retreats to smaller workforce housing. Asking prices range from a low of $629,900 to a high of nearly $1.9 million. Many of the developments in the Hayward hills are gated communities, with golf courses and bay views. The number of units absorbed each month ranges from one to more than four, although absorption of units has been slowing over the last several months.

Potential buyers of single-family homes in Hayward include families from areas throughout the region. Most potential buyers have already purchased a home and are seeking a "move-up" opportunity.

[4] Source: DataQuick, Strategic Economics. January to October 2007.

Across the region, new residential developments are in a state of price correction, and sales offices are struggling to reduce their inventory of unsold homes. The recent housing boom resulted in major increases in housing stock throughout the region; as a result there is a greater stock of new housing development on the market than one would typically find in the later stages of a housing downturn. Therefore, asking prices shown in Tables 1.4 and 1.5 are likely higher than the actual sales prices in these development projects.

Multifamily Ownership Residential

Table 1.5 profiles new condominium and townhouse projects throughout the City of Hayward. A number of these projects are rehabilitated apartment units for sale for the first time as condominiums and townhouses. These units are affordable to first time homebuyers, often singles or young couples without children. Families with young children have shown interest in condominium and townhouse projects with larger, two- and three- bedroom units. Absorption rates range from one unit to more than five units per month. This compares with absorption rates of five to eight units per month reported for similar projects in 2004, in the *South Hayward BART / Mission Boulevard Concept Plan: Residential and Retail Market Assessment.*

Profile of Recent and Proposed Major Hillside Developments: Garin Vista and Monte Vista Villas

Several of the Caltrans-owned parcels offer potential opportunities for new residential development in the Hayward hills. Many of these parcels, however, have slope and fault issues that could affect the construction costs and timing of any proposed development. In recent years, two residential projects on former quarry sites have been the focus of media attention as they have dealt with significant geotechnical and environmental issues during the construction process. This section profiles the issues that these development projects have faced, in order to provide context about potential issues that might arise in developing some of the Caltrans parcels.

One of the most widely anticipated development projects in the Hayward hills is the Garin Vista development approved for the La Vista Quarry. Real estate experts in the area believe that the addition of high-end, hillside homes will boost property values in surrounding areas, particularly given that the development would cover unsightly gashes left from years of quarry operations. As contractors were in the process of grading the site in the spring of 2007, they discovered that the site experienced a landslide that has since potentially rendered the development economically infeasible in the present market. Though they had completed a diligent geological assessment, a 100-foot boring process did not uncover a layer of loose earth 20 to 30 feet beyond. At present both the City and the developer are working diligently to contain the problem before winter rains potentially make things worse.[5]

The Monte Vista Villas development is a prominent quarry reuse project visible from Interstate 580 in Oakland. This project has had better success with its timing and geologic concerns, but faced other surprises relating to the sloping nature of the site. Initial proposals for the development of the Leona quarry with condominiums and townhouses originated in 1999, though the first of 404 attached units were not built and sold until early 2006. In 2002 and 2003, the developer, community members, and the city continuously debated whether the site could safely accommodate such levels of development given slope and hydrology issues. Throughout 2004 and 2005, site preparations included massive grading, runoff control, and revegetation. Construction runoff issues led to environmental issues in a nearby creek. Not taking any chances, the following winter the contractor installed more than 33 acres of erosion control material to keep soil in place and prevent runoff.

[5] Source: O'Brien, Matt, "Pesky Landslide between Developers, Subdivision," *Inside Bay Area,* October 8, 2007. Accessed October 10, 2007 at www.insidebayarea.com.

Project Name	Location	Developer	Total Units	Open Date	Absorp/ Mo.	Unit Type	Sq. Ft.	Asking Price Range		Price/Sq.Ft.		Amenities	Buyer Demographics	Comments
Midtown	1318 B Street	AGI Capital Group, Inc.	81	Jul-07	3.1	Condo 1 Bd, 2 Bd, 3bd	945-1,240	$328,000	$487,000	$347	$393	Close to BART, downtown, pool, elevators, fitness center	Young couples, single professionals, few families	
Creekside, Meadow Wood	2413 Creekside Court	Hayward Terrace 24, LLC	60	Jun-06	5.5	Condo: 1Bd, 2Bd	800-1,050	$292,000	$378,800	$365	$361	Balcony, next to Cal State Hayward, near hiking trails	Young professional, single, independent, outdoors lifestyle	people very attracted to location: upscale, with natural ammenities, close to their family, but still independent
Vasona Court (Condo Conversion)	27787 Vasona Court	Vasona Management	33	Jan-07	3.8	Condo: 1Bd, 2Bd	380-915	$250,000	$404,900	$658	$443	Common land, recreational space, bbq, landscaping, private entry, wide asphault entry	Young couples, single professionals, grew up in Hayward	Previously rented units, 95% interior renovation
Ridgeview	947 Fetcher Lane	AGI Capital Group, Inc.	37	Sep-06	2	Condo: 2bd	730-946	$328,000	$369,000	$449	$390	Fitness room, some city and bay views	First time buyers, young couples, singles	
Crossings At Eden Shores	2548 Eden Shores Blvd.	Standard Pacific Homes	139	May-07	2.6	Condo: 2bd, 3bd	1,523-1,867	$532,000	$592,000	$349	$317	High demand location, quiet	Young families with children, from Hayward, Fremont, Foster City, San Mateo	Residents want more shopping: grocery stores, small shops, restaurants. Have to travel to Union City for shopping center
The Glen	24713 Second Street	AGI Capital Group, Inc.	30	Dec-06	1.3	Townhome: 3 Bd, 2.5 Ba	1,607-1,621	$539,000	$629,000	$335	$388	Gated community, views, borders a park, pool, hot tob, sauna, fitness center	Mix of ethnicities, young professionals, families, retired folk	
Garden Walk	25401 Huntwood Ave.	The Olson Company	56	Apr-07	1.75	Townhome: 3bd, 4bd	1,335-1,765	$495,880	$597,880	$371	$339	Optional loft, home-office spaces	First time buyers, young families, some with children	

Table 1.4: Recently Built Single-family Residential Development in Hayward as of September 2007

Sources: Hanley Wood, Developer Interviews, Strategic Economics, September 2007.

Project Name	Location	Developer	Total Units	Open Date	Absorp/ Mo.	Unit Type	Sq. Ft.	Asking Price Range		Price/Sq.Ft.		Amenities	Buyer Demographics	Comments
Cottage Park	590 Cottage ParkDrive	Richmond American Homes	46	N/A	N/A	Single Family	1,491-2,251	$629,900	$842,000	$422	$374	N/A	N/A	N/A
Montrose at Stonebrae	27 Carrick Drive	Warmington Homes California	51	Jan-07	2	Single Family	2,532-3,022	$850,000	$913,000	$336	$302	Gated community	Families with children, retired folk, singles, "All-types"	
Garin Crest	Bello View Place	Discovery Homes	19	Apr-03	1	Single Family	4,113-3,022	$1,864,755	$1,895,950	$453	$627	Views, borders Garin Regional Park, gated community	"Move-up buyers", families	
Brigeport at Eden Shores	28622 Bay Port Court	Standard Pacific Homes	122	Jan-07	4.7	Single Family: 3b, 4bd	1,687-2,196	$649,000	$743,000	$385	$338	High demand location, quiet	Young families with children, from Hayward, Fremont, Foster City, San Mateo	Residents want more shopping: grocery stores, small shops, restaurants. Have to travel to Union City for shopping center
Stirling Village at Stonebrae	112 Drummond Drve.	Standard Pacific Homes	61	Feb-07	2.2	Single Family: 4Bd, 5Bd	3,119-3,798	$1,173,000	$1,335,000	$376	$352	Stonebrae county club, gated community	Families	
Carrick Village at Stonebrae	11 Arundel Drive	Toll Brothers Inc.	102	Apr-06	2.3	Single Family: 4Bd-7Bd	3,412-5,050	$1,295,975	$1,559,975	$380	$309	Bay views, 18 hole golf course, club house, pool, spa, gym, tennis courts, 2 restaurants	Families; people from Hayward, Dublin, Milpitas, San Francisco, San Jose	

Table 1.5: Currently Selling and Recently Built Ownership Multifamily Development in Hayward as of Sept. 2007

Sources: Hanley Wood, Developer Interviews, Strategic Economics, September 2007.

Ownership Market Summary

The current downturn in the ownership market makes the development climate less hospitable for this type of housing in the short-term, compared with recent years. In spite of this downturn, the region continues to maintain a strong pent-up demand for housing that can only be alleviated with an increase in production. Further, Hayward maintains a competitive advantage for housing demand over others parts of the Bay Area because of its proximity to multiple large, growing employment centers including Hayward, Oakland/Berkeley, Fremont, San Jose, Livermore, and the peninsula. The City's BART stations will play an increasingly important role in potential buyers' decisions to locate in Hayward, as congestion worsens and the costs of auto transportation continue to rise. Though there is land in the study area that could accommodate residential development, the infill nature of the study area will make development more challenging. The surrounding land use context, parcel sizes and configurations, and access issues will define the actual market for any parcel as much as – if not more than – local and regional household demand.

There are potential geologic facing developers interested in building housing on several of the Caltrans parcels. Recent experiences at both the Leona and La Vista quarries offer lessons to developers and cities about the higher construction costs and necessary steps associated with parcels involving significant slope, fault, and remediation issues. Therefore the development of these types of parcels will lag behind other development projects once the market for ownership housing recovers from its present slump. Nonetheless, demand for housing will continue to push housing prices in the Bay Area upward, to the point where such projects will eventually again become financially feasible.

Rental Residential Market Trends and Conditions

Regional Market Characteristics

While the rental residential market has been soft for the last several years, it is presently experiencing resurgence in the Bay Area. This has been prompted by the slowdown in the housing market, as the share of renting households that are looking to take advantage of low interest loans has declined. Households that might otherwise have considered buying are now satisfied to continue renting, and recent media reports have suggested that some households might even be transitioning out of homeownership and back into the rental market. Vacancy rates in many rental markets throughout the Bay Area are declining; Alameda, Contra Costa, Marin, San Francisco, and San Mateo county rental markets are all enjoying vacancy rates below five percent. Within California, the San Francisco MSA has the fourth lowest vacancy rate, at 4.3 percent, and the fifth highest average rent of $1,499. 6

The South Bay market even outpaces the San Francisco region in its market strength. It has the second lowest vacancy rate, at 2.7 percent, and the second highest average rents in the state, at $1,569. Alameda County is performing well among its neighbors in the San

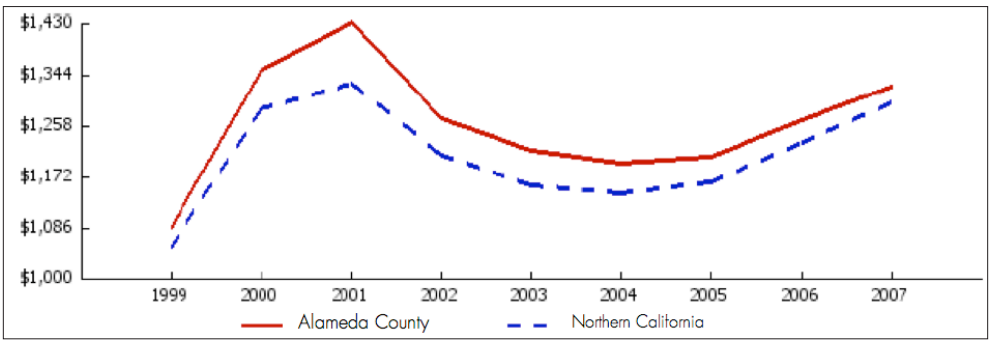

Figure 1.3: Average Asking Rents in Alameda County and Northern California, 2005-2007
Source: Excerpt from RealFacts: "Market Overview for Alameda County, 2Q2007"

[6] Source: RealFacts: "Market Overview for Alameda County, 2Q2007."

Francisco MSA. It enjoys a vacancy rate of four percent, and an average rent of $1,377. Average asking rents countywide have increased by more than seven percent over the last year (second quarter 2006 to second quarter 2007). While rents have not yet reached their historic peak in 2001 ($1430), to date they are continuing to climb (See Figure 1.3).

Profile of Rental Supply in the Study Area

The apartment Market Area includes four zip codes that encompass most of the Hayward hills including portions of Castro Valley; they are 94546, 94541, 94542, and 94544. Figure 1.4 shows how this market area compares to the study area and Hayward neighborhoods.

The majority of the rental housing stock in these areas was built in the mid-1970s. While some units have since experienced rehabilitation, and some have even been converted to condominiums in recent years, there has been limited change in the stock of rental housing in the market area over the last several decades. Average asking rents in the four zip codes range from $1,085 to $1,258, with apartments in the Mission/Garin area commanding slightly higher prices possibly as a result of the proximity of units to Cal State. The Mission/Foothill area has the greatest concentration of major apartment communities, with 34 communities of over 50 units, encompassing a total of more than 3,500 units. Units in the City of Hayward as a whole have an average asking price of $1,161, and 1971 is the average year built for communities with 50 or more units.[7]

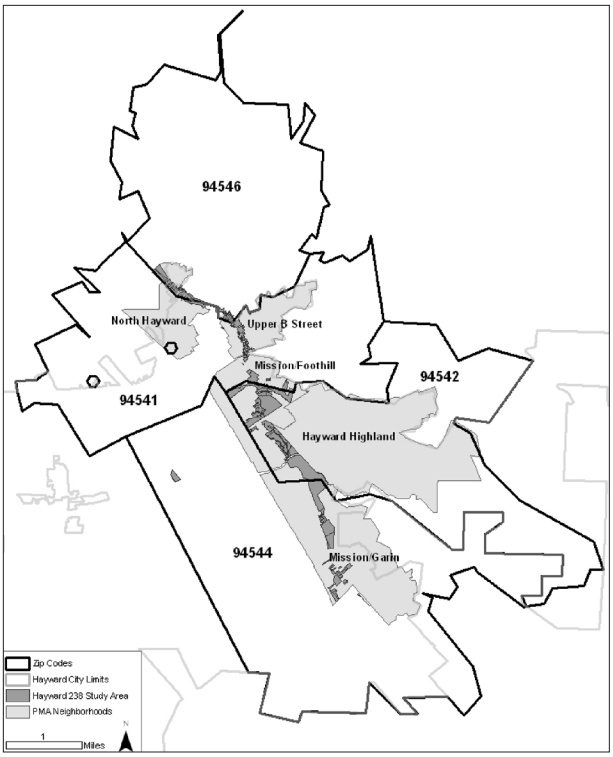

Figure 1.4: Comparison of Study Area and Zip Codes

Source: Straegic Economics; City of Hayward; ESRI

Rental Market Summary

Although Hayward's rents may not yet have achieved levels that can support new apartment construction, apartments are worth considering for development in the short- to mid- term. Rents have recently increased enough in other parts of the Bay Area, such as Emeryville, to support the high cost of apartment construction. Given current trends, it is likely that rents in Hayward will increase enough to support new construction of apartments within several years. Strong apartment markets tend to be located near job centers and one of Hayward's greatest strengths is that it is within close proximity to multiple job centers.

Retail Market Trends

Within the study area, portions of Foothill Boulevard, A Street, B Street and Mission Boulevard are appropriate for retail development. This section describes existing conditions for these retail corridors, identifies possible future uses, and makes recommendations for future development. Appendix B, Table B-2 profiles current retail space for lease throughout the City of Hayward, and areas of Foothill and Mission Boulevards, as they are relevant to the Study Area.

[7] Sources: RealFacts, Strategic Economics

Existing Conditions

Foothill Boulevard – North Hayward

Retail development near the Study Area boundaries on Foothill Boulevard consists of freestanding shopping centers, hotels, and auto-oriented uses. While there are vital retail uses in this area, including the Plaza Center and both a Walgreens and Longs drug store, brokers report that the area suffers from the dispersion of retail with other types of uses and underutilized parking areas. Additionally, brokers say that the high speed of traffic moving to and from Route 238 is a challenge for retail tenants on Foothill Boulevard.

Newer retail centers in the area perform successfully. The Plaza Center shopping area is the major retail node in this area of Foothill Boulevard. At $2.75 per square foot, rents in the Plaza Center are substantially higher than rents for older, scattered space on Foothill Boulevard, which ranges from $1.00 to $1.50. Anticipated redevelopment in the City Center loop will likely generate significant momentum in this area that could be carried further along Foothill Boulevard. The Safeway in the Plaza Center shopping area presently has an application with the City to expand its space, and this grocery chain has recently announced its decision to transition to a "lifestyle" grocery store with higher end goods. Moreover, in August 2007 the City of Hayward Redevelopment Agency released a request for proposals to developers for the redevelopment of the City Center Campus that is adjacent to Plaza Center.

A and B Streets

A and B Streets include a variety of smaller, independent retail uses, interspersed with multifamily residential and small office buildings. Areas on these streets to the west of Foothill are benefiting from their proximity to Hayward's revitalizing downtown. Retail brokers report that space in Hayward's downtown has been recently absorbed in anticipation of the new Cinema Place, currently under construction on Foothill Boulevard.

South Hayward BART / Mission Boulevard Concept Plan Area

Retail in the South Hayward BART / Mission Boulevard Concept Plan area maintains many of the same characteristics as it did when the plan was completed in 2004. Retail development on the segment of the Mission Boulevard corridor that falls within the Study Area includes neighborhood shopping centers and freestanding stores and restaurants. Retail uses continue to be diffuse and interspersed among vacant parcels or outdated building types with underutilized parking areas. The area maintains a mix of niche uses serving the area's Latino and South Asian communities. Brokers report that compared with the most northern areas of Foothill Boulevard, this area is more conducive to retail uses, with rents ranging from $1.25 to a high of $2.25 per square foot at the Mission Plaza shopping center.

The Concept Plan market assessment reported that there could be a market for additional niche grocery stores in the area. The closure of Albertson's in the Fairway Park shopping center further enhances this market demand. Fairway Park recently sold to new owners who are looking for a replacement smaller-sized grocery tenant.

Perhaps the greatest change to the area over the last several years is that now many of the parcels on Mission Boulevard are for sale or have recently been sold. The market study for the Concept Plan reported that there were only limited sites for sale or lease along Mission Boulevard, and there seemed to be limited interest in reinvestment from property owners. There are multiple indications that property owners have since gained an interest in selling or reinvesting in their parcels. Though the area has experienced limited new development since the Concept Plan was approved, several development applications are in process.

Future Potential for Retail on Study Area Parcels

Foothill Boulevard – North Hayward

The Caltrans parcels with frontage on Foothill Boulevard offer large-scale opportunities for development in a highly visible location, but face significant access challenges. These parcels are immediately adjacent to the Route 238 on-ramp, and traffic in these locations moves rapidly, making it difficult for potential shoppers to enter the site. This location faces the additional challenge of only being accessible to one direction of traffic on Foothill Boulevard. Given the noise, speed of traffic and access challenges of Caltrans sites with frontage on Foothill, a highway-oriented use such as a hotel or gas station may be the most appropriate use. Several retail and office brokers suggested that this site might be appropriate for another hotel, provided it has a minimum developable area of 35,000 square feet.

Caltrans also owns many parcels that lack frontage on Foothill, but are adjacent to businesses in the Foothill corridor. Some of these parcels also have significant topography issues and offer opportunities for trail rights-of-way. In cases where parcels are level with Foothill Boulevard, there may be an opportunity to expand the depth of Foothill parcels, thus enabling these parcels to support reuse with deeper retail, office, and mixed-use developments in the mid-to long- term.

A and B Streets

While A and B Streets to the west of Foothill Boulevard have benefited greatly from the success of redevelopment projects in Downtown Hayward, areas to the east have yet to experience such a resurgence. The completion of Cinema place will likely push momentum for retail eastward, and towards the Caltrans parcels which are outside of the downtown district but could support small convenience retail for surrounding residential uses. The larger size of the Caltrans parcel at the corner of A Street and Rockaway Lane could support a mixed-use building with a small increment of retail space facing A Street.

South Hayward BART / Mission Boulevard Concept Plan Area

The Concept plan offers an opportunity for revitalization of a lagging retail corridor, and intensification of uses near the South Hayward BART Station. Since the concept plan was completed three years ago, conditions supporting the Plan's vision have improved. The competitive supply of grocery stores in the area has decreased with the recent closure of Albertson's, thus enhancing the demand for a new neighborhood retail node on Mission Boulevard. Furthermore, key parcels that were in transition three years ago are presently on the market and other property owners are prepared to invest in new types of development on their parcels. The 2004 Concept Plan market study reported that at the time there was limited interest in new development by most area property owners.

The challenge facing this area of Mission Boulevard is that there is a large inventory8 of outdated retail space that no longer meets the needs of today's retail tenants. The strategy to encourage revitalization is to concentrate a smaller increment of higher quality retail space in nodes along the Mission Boulevard corridor, and to allow other uses to help intensify development throughout the corridor. To catalyze this type of corridor-wide revitalization, a critical mass of new development needs to infuse the area with momentum, and demonstrate the possibilities for new types of uses in the area. The addition of several key mixed-use projects could add new households to enhance retail demand in the area, and jumpstart reinvestment in other parcels along the corridor.

[8] The City of Hayward, and Community, Design + Architecture estimated that there are more than 400,000 square feet of commercial space in the Concept Plan Area.

The Caltrans parcels on the west side of Mission Boulevard are well positioned to accommodate this type of development, thereby catalyzing reinvestment on neighboring parcels, and adding new transit-oriented housing units within a block of the South Hayward BART station.

Office Market Trends

Hayward is one of the top 30 employment centers in the nine-county Bay Area. The majority of the city's estimated 73,000 jobs are housed in industrial, warehouse, and research and development space in the Interstate 880 corridor. Hayward is not a major office employment center; Figure 1.5 shows that 33 percent of jobs in the City are in Manufacturing, Wholesale, and Transportation (industrial-based sectors), while 14 percent of jobs are in Financial and Professional Services (office-based sectors). Office buildings scattered throughout the city accommodate a variety of professional, financial, and health-based jobs.

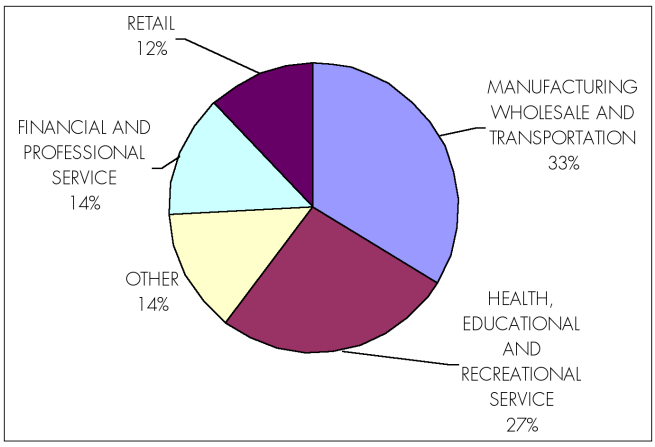

Figure 1.5: Distribution of Jobs in the City of Hayward by Sector, 2005

Source: ABAG Projections 2007, Strategic Economics

Existing Conditions

Foothill Boulevard, Mission Boulevard, A Street, B Street, and Second Street accommodate a variety of smaller scale office buildings. Tenants of these buildings tend to be in household-serving industries such as accounting, banking, and real estate. Buildings range in size from 1,700 square feet to 55,000 square feet, with asking rents presently ranging from $1.13 to $2.00 per square foot.

Gatehouse Plaza, at 1260 B Street, and the Plaza Center on Foothill Boulevard are Hayward's two largest office buildings, with 55,000 and 41,164 square feet, respectively. These buildings command the highest rents in the city, at $1.90 and $2.00 per square foot per month, respectively. While there are other larger office buildings in Eden Business Park and other industrial areas of the city, most of these buildings tend to be light industrial or R&D space rather than pure office space.

Brokers report that there has been uplift in the office market in areas such as Downtown Oakland, but the Hayward market remains fairly soft and no such recent uplift has been observed locally. In fact, many offices are experiencing increased vacancies as a result of the downturn in the housing market as local real estate agents and lenders have closed their doors. One broker estimated that between 10 and 15 percent of the office space in the Upper B Street neighborhood was occupied by residential real estate agents and lenders.

There are mixed opinions about whether reinvestment in Downtown Hayward has strengthened the office market. Some brokers believe they have seen resurgence in demand for new office space Downtown, while others have seen no change in interest from tenants or space availability.

Because many office tenants in Hayward serve local residents, they tend to have the same location criteria as Hayward's retail tenants: visibility and access are key. Foothill Boulevard and the Upper B Street areas tend to be better locations for office space than Mission Boulevard, and asking rents in these areas are slightly higher as a result.

Most of the stock of office space in Hayward was built between 1960 and 1980. The newest office building in the area, at A Street and Rockaway Lane, was constructed in 2005. The developer purchased the site for office use because he found that the area had the kind of exposure that worked for office tenants, in terms of traffic and proximity to Hayward residents. Asking prices for this 2,500 square foot building are approximately $1.69 per square foot.

Future Potential for Office Space on Study Area Parcels

While many of Hayward's small, scattered office buildings have high vacancy rates and lower rents than vital retail space, there is potential for new smaller office buildings to be developed on Foothill Boulevard and in the Upper B Street neighborhood. The scale of these buildings does not require significant pent-up demand, and newer buildings could draw tenants looking for space of a slightly higher than average quality. Though Hayward's two most prominent office buildings, Plaza Center and Gatehouse Plaza, have vacancy rates of 14 percent and ten percent respectively, there is an opportunity to build from their success and prominence with new office development nearby. Several brokers suggested that office space might work on the Caltrans parcel immediately adjacent to the Route 238 on-ramp; one broker suggested that this space could capture demand from the local professional office market in Castro Valley, which presently has a shortage of office space.

Mission Boulevard does not appear to be as competitive a location for office space as areas of Foothill and Upper B Street. However, it is likely that new mixed-use space with ground floor retail could capture the types of local-serving office tenants currently locating in other areas.

1.3.3 Summary of Development Opportunities by Neighborhood

This section summarizes market-based development opportunities for the 238 Bypass Land Use Study. Market-based land use recommendations refer specifically to the study area, although they are split out based on Hayward's neighborhood boundaries, which comprise a larger geography. Characteristics of the larger neighborhood market area, including demographics, typical rents, and sales prices, are summarized in the data sheets for each neighborhood. Market characteristics were collected for the Census tracts and zip codes[9] that most closely align with the four neighborhoods. A full map of the sub-area delineations can be found in Appendix B.

[9] The use of tracts or zip codes is based on the geography for which data is collected. RealFacts apartment data is the only data collected for the zip code rather than the Census tract.

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North Hayward

Many parcels on Foothill Boulevard in the North Hayward sub-area can take advantage of the market strength created by the nearby Plaza Center retail and office area. However, the Caltrans parcels immediately adjacent to the on-ramp for Route 238 face significant access issues that may limit their development potential. Uses for which there may be private development potential include residential, highway-oriented retail (gas stations, convenience market, etc.), a hotel taking advantage of proximity to the highway, or a small increment of office space. Significant access improvements will likely be necessary in order to enable northbound traffic on Foothill Boulevard to enter any shopping area, in this vicinity, as traffic speeds make it difficult to slow and turn. These sites have the additional access challenge of being located on the on-ramp side of the road, making it difficult to take advantage of nearby traffic on Interstate 580 or Route 238.

Parcels with limited frontage on Foothill Boulevard, but immediately abutting Foothill's commercial uses at approximately the same topographical level, could be merged with the Foothill parcels to create deeper sites. In the long term, as uses on Foothill potentially become obsolete, this could open up development opportunities that might not exist on an otherwise smaller parcel.

Parcels near Foothill Boulevard, but at a higher altitude may be most appropriate for open space or lower density housing. It is possible that these parcels will not be deep enough to accommodate any development.

Parcels adjacent to residential areas could either be appropriate for a variety of housing types, or open space and other public uses. There is enough long-term demand for any type of housing, although at any given moment in time one housing type (single-family residential, multifamily ownership, or multifamily rental) could be more financially feasible than another. Financial feasibility is a particular concern for parcels with significant slope or fault constraints. Allowable densities in these areas should not be based on market conditions, but instead should be based on community support and vision.

North Hayward Subarea

Census Tract 4312 | Zip Code 94546

Possible Development Opportunities

- Retail (Foothill Blvd)
- Office (Foothill Blvd)
- Multifamily Residential
- Townhomes
- Open Space / Parks / Trail / Civic

Market Strengths

Retail:	■■□
Office:	■■□
Ownership Residential:	
Detached:	■□□
Attached:	■■□
Rental Residential:	■■□

Retail Market Characteristics

	Subarea	Hayward
Typical Rents / Sq Ft:	$1.00-$2.00	$1.00-$3.25
Vacancy Rates:	NA	< 10%

Office Market Characteristics

	Subarea	Hayward
Typical Rents / Sq. Ft:	$1-$1.50	$1.00-$2.00
Vacancy Rates:	NA	>10%

Attached Ownership Residential Characteristics

	Subarea	Hayward
Median Price / Sq Ft:	$383	$381
# Listings 2005-2007	77	543

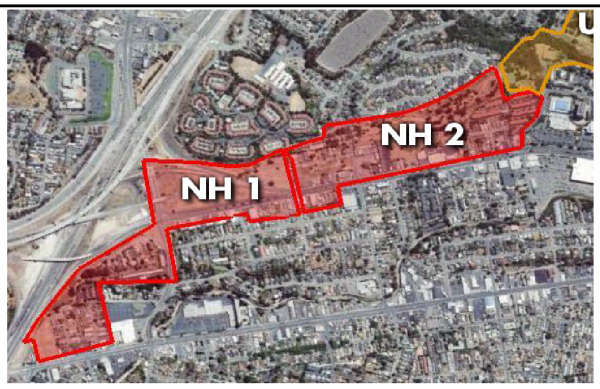
Detached Ownership Residential Characteristics

	Subarea	Hayward
Median Price / Sq Ft:	$410	$447
# Listings 2005-2007	15	2,396

Multifamily Rental Residential Characteristics

	Subarea	Hayward
Average Price / Sq Ft:	$1.34	$1.42
Typical Unit Sq Ft:	838	816
Typical Year Built:	1970	1971
Vacancy Rate:	2.2%	3.6%

Demographics	Subarea	Hayward
Pop Growth 1990-2000:	23%	26%
Housing Growth 2000-2004:	0%	3%
Total Households 2004:	898	44,804
Avg HH Size 2007:	2.15	3.10
Owner Occupied (%) 2007:	55%	53%
Avg HH Income 2007:	$74,426	$73,354



Sources: (1) Loopnet, Broker Interviews, (2) Loopnet, NAI/BT Commercial, (3) First American Real Estate Solutions, (4) Dataquick, (5) RealFacts, (6) US Census 1990, 2000, Claritas, Inc., City of Hayward

Market Srrength Key:	Strong:	Moderate:	Fair:	Limited:
	■■■	■■	■	□□□

Upper B Street

There is moderate market potential for smaller-scale retail and office uses on A Street, B Street, and Second Street in this sub-area. The continued revitalization of Downtown Hayward could further strengthen the market for these uses. Parcels on A, B, and Second streets could also potentially be appropriate for multifamily housing. Deeper parcels on these streets, such as that at A Street and Rockaway Lane, may be appropriate for mixed-use development with a small increment of ground floor retail or office space.

Other parcels in this sub-area are appropriate for residential uses, and in the mid- to long-term, the market will support these uses. Many parcels have existing uses to be considered in this study. Again, the allowable densities in these areas are subject to community support, although higher densities could bolster market strength for retail and office uses on A, B, and Second.

Upper B Street Subarea

Census Tract 4353 | Zip Code 94541

Possible Development Opportunities

- Retail (A & B Streets)
- Office (A & B Streets)
- Multifamily Residential
- Single Family Residential
- Townhomes
- Open Space / Parks / Trail / Civic

Market Strengths

Retail:	■□□
Office:	■■□
Ownership Residential:	
Detached:	■■■
Attached:	■■■
Rental Residential:	■■■

Retail Market Characteristics

	Subarea	Hayward
Typical Rents / Sq Ft:	$1.00-$2.75	$1.00-$3.25
Vacancy Rates:	NA	< 10%

Office Market Characteristics

	Subarea	Hayward
Typical Rents / Sq. Ft:	$1.30-$1.90	$1.00-$2.00
Vacancy Rates:	NA	>10%

Attached Ownership Residential Characteristics

	Subarea	Hayward
Median Price / Sq Ft:	$368	$381
# Listings 2006-2007	21	543

Detached Ownership Residential Characteristics

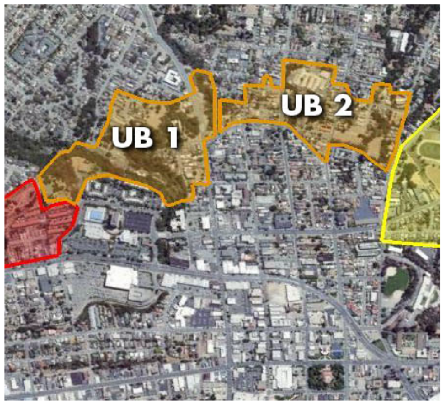
	Subarea	Hayward
Median Price / Sq Ft:	$362	$447
# Listings 2006-2007	72	2,396

Multifamily Rental Residential Characteristics

	Subarea	Hayward
Average Price / Sq Ft:	$1.36	$1.42
Typical Unit Sq Ft:	796	816
Typical Year Built:	1971	1971
Vacancy Rate:	4.5%	3.6%

Demographics

	Subarea	Hayward
Pop Growth 1990-2000:	25%	26%
Housing Growth 2000-2004:	0%	3%
Total Housing Units 2004:	1,436	47,472
Avg HH Size 2007:	2.68	3.10
Owner Occupied (%) 2007:	40%	53%
Avg HH Income 2007:	$78,061	$73,354



Sources: (1) Loopnet, Broker Interviews, (2) Loopnet, NAI/BT Commercial, (3) First American Real Estate Solutions, (4) Dataquick, (5) RealFacts, (6) US Census 1990, 2000, Claritas, Inc., City of Hayward

Market Srrength Key: Strong: ■■■ Moderate: ■■ Fair: ■ Limited: □□□

Mission/Foothill

A small portion of this study area includes parcels on Mission Boulevard, which could potentially be considered for retail or residential uses. Other portions of this sub-area offer large undeveloped sites, but slope and fault constraints could limit future residential development in these areas.

The residential market in this area will support a variety of housing types in the mid- to long-term. Undeveloped sites further offer the benefit of views, which will result in a premium asking price for all housing types. Again, there is enough long-term demand for any type of housing, although at any given moment in time one housing type (single-family residential, multifamily ownership, or multifamily rental) could be more financially feasible than another. The proximity of this sub-area to Cal State East Bay could make it appropriate for student or faculty housing.

Mission Foothill Subarea

Census Tracts 4365, 4364.01 | Zip Code 94542

Possible Development Opportunities

- Retail (Mission Blvd)
- Office (Mission Blvd)
- Multifamily Residential
- Single Family Residential
- Townhomes
- Open Space / Parks / Trail / Civic

Market Strengths

Retail:	■□□
Office:	□□□
Ownership Residential:	
Detached:	■■■
Attached:	■■■
Rental Residential:	■■■

Retail Market Characteristics

	Subarea	Hayward
Typical Rents / Sq Ft:	$1.50-$2.50	$1.00-$3.25
Vacancy Rates:	NA	< 10%

Office Market Characteristics

	Subarea	Hayward
Typical Rents / Sq. Ft:	NA	$1.00-$2.00
Vacancy Rates:	NA	>10%

Attached Ownership Residential Characteristics

	Subarea	Hayward
Median Price / Sq Ft:	$393	$381
# Listings 2006-2007	46	543

Detached Ownership Residential Characteristics

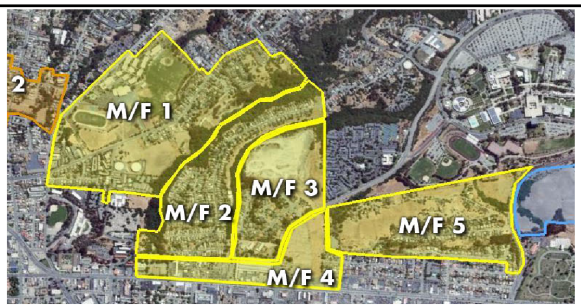
	Subarea	Hayward
Median Price / Sq Ft:	$407	$447
# Listings 2006-2007	171	2,396

Multifamily Rental Residential Characteristics

	Subarea	Hayward
Average Price / Sq Ft:	$1.50	$1.42
Typical Unit Sq Ft:	836	816
Typical Year Built:	1975	1971
Vacancy Rate:	3.0%	3.6%

Demographics

	Subarea	Hayward
Pop Growth 1990-2000:	17%	26%
Housing Growth 2000-2004:	2%	3%
Total Housing Units 2004:	3,599	47,472
Avg HH Size 2007:	2.56	3.10
Owner Occupied (%) 2007:	41%	53%
Avg HH Income 2007:	$73,214	$73,354



Sources: (1) Loopnet, Broker Interviews, (2) Loopnet, NAI/BT Commercial, (3) First American Real Estate Solutions, (4) Dataquick, (5) RealFacts, (6) US Census 1990, 2000, Claritas, Inc., City of Hayward

Market Srength Key: Strong: ■■■ Moderate: ■■ Fair: ■ Limited: □□□

Mission/Garin

Since many of the Caltrans parcels in this area were included in the *South Hayward BART / Mission Blvd. Concept Plan*, there is a significant amount of information about the goals and existing conditions in the sub-area. Defined City goals include encouraging revitalization of the underutilized Mission Boulevard commercial corridor, and promoting transit-oriented development by supporting more intensive uses near the South Hayward BART station.

Revitalization of the Mission Boulevard corridor will require a reduction in the quantity of retail space, and a simultaneous increase in the quality of retail. Most retail spaces on Mission Boulevard are outdated and obsolete. Fortunately, many Mission Boulevard property owners in this area have recently expressed an interest or willingness to reinvest in their parcels, which was not true at the time that the Concept plan was initiated.

In order to stimulate this reinvestment, the area will need a major infusion of new development on Mission Boulevard. Mixed-use development on a larger parcel along Mission Boulevard could be the catalyst needed to encourage other property owners to reinvest. Traffic and noise on Mission Boulevard presents a notable, but surmountable challenge to residential development. An exemplary, appropriately designed large-scale development could offer other property owners ideas about how to treat mixed-use development on their own parcels.

Moreover, while there is some market demand for retail, and in particular an additional niche grocery store, additional residential units could bolster this demand and ensure that local retail space remains vital in the long term.

Mission Garin Subarea *Census Tracts 4379, 4351.01 | Zip Code 94544*

Possible Development Opportunities
- Retail (Mission Blvd)
- Office (Mission Blvd)
- Multifamily Residential
- Single Family Residential
- Townhomes
- Open Space / Parks / Trail / Civic

Market Strengths

Retail:	■□□
Office:	□□□
Ownership Residential:	
Detached:	■■■
Attached:	■■■
Rental Residential:	■■■

Retail Market Characteristics

	Subarea	Hayward
Typical Rents / Sq Ft:	$1.00-$2.25	$1.00-$3.25
Vacancy Rates:	NA	< 10%

Office Market Characteristics

	Subarea	Hayward
Typical Rents / Sq. Ft:	NA	$1.00-$2.00
Vacancy Rates:	NA	>10%

Attached Ownership Residential Characteristics

	Subarea	Hayward
Median Price / Sq Ft:	$429	$381
# Listings 2006-2007	68	543

Detached Ownership Residential Characteristics

	Subarea	Hayward
Median Price / Sq Ft:	$394	$447
# Listings 2006-2007	181	2,396

Multifamily Rental Residential Characteristics

	Subarea	Hayward
Average Price / Sq Ft:	$1.41	$1.42
Typical Unit Sq Ft:	828	816
Typical Year Built:	1971	1971
Vacancy Rate:	3.7%	3.6%

Demographics	Subarea	Hayward
Pop Growth 1990-2000:	82%	26%
Housing Growth 2000-2004:	5%	3%
Total Housing Units 2004:	3,491	47,472
Avg HH Size 2007:	2.86	3.10
Owner Occupied (%) 2007:	52%	53%
Avg HH Income 2007:	$80,860	$73,354

Sources: (1) Loopnet, Broker Interviews, (2) Loopnet, NAI/BT Commercial, (3) First American Real Estate Solutions, (4) Dataquick, (5) RealFacts, (6) US Census 1990, 2000, Claritas, Inc., City of Hayward

Market Srrength Key: Strong: ■■■ Moderate: ■■ Fair: ■ Limited: □□□

1.4 Fiscal Overview

This fiscal overview provides information to help the City and community make decisions about future land use decisions in the study area from a fiscal perspective, and provides information for later use in the fiscal impact analysis of land use alternatives. The first section describes major sources of city General Fund revenues. The second section describes service areas and current service standards for major departments that are funded out of the General Fund, and that are likely to experience some increased costs as a result of changes in the study area's land use mix. The third section evaluates other possible fiscal considerations relating to potential impacts of land use changes on the Hayward Area Recreation and Parks District (HARD).

1.4.1 General Fund Revenues

Overall, more than 60 percent of the General Fund revenue is from taxes, while the remaining 40 percent is from various fees and inter-agency transfers. In the City of Hayward, property and sales tax make up about half of all revenue in the General Fund (Figure 1.6). Over the last five years, the share of revenue from property taxes has contributed between 20 and 25 percent of the General Fund revenue, while sales tax has contributed between 25 and 35 percent. Since property and sales tax are the largest single contributors to the City budget, this report will focus on their role in the study area.

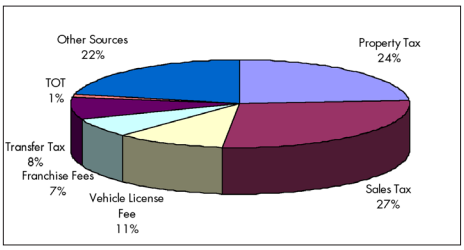


Figure 1.6: General Fund Revenue Breakdown, FY 2006-2007

Source: City of Hayward Adopted Budget, 2006-2007

The slowing housing market may cause some fluctuations in government revenues in coming years. The City's assessed value has reached a size sufficient to ensure a degree of stability in property tax revenue, despite short-term increases or decreases in market activity. However, Real Property Transfer Tax revenue, which has risen significantly over the last four years to become the fourth largest General Fund revenue source, is subject to dramatic change depending on the real estate market. The *City of Hayward Adopted Budget 2006-07* discusses briefly how changes in the real estate market may affect revenues. Table 1.6 shows how 2006-07 revenues changed from the 2003-2004 Fiscal Year.

Property Tax Contributions

Much of the study area is owned by Caltrans, and is therefore tax exempt even if the land is in private use. Therefore, this section examines the breakdown of property taxes in the Hayward hills area to the east of Mission and Foothill Boulevards in order to understand general assessed land value trends and their relationship to property tax. Caltrans presently owns 668 acres of land in the Hayward hills.

The City's property tax revenue has remained fairly constant over the last ten years, with gradual increases since the housing boom beginning in the late 1990s. Table 1.7 shows that attached residential units and industrial have the highest assessed values per acre in the Hayward hills, compared to the City of Hayward as a whole. Per-acre assessed land values in these categories are also significantly higher than the Citywide average.

The Hayward hills area to the east of Mission and Foothill Boulevards contributes an estimated 29 percent of the total property value in the City, and an estimated 31 percent of the City's land area. Although assessed land values per acre are higher in many categories in the Hayward hills, 54 percent of the land in this area is in "Public Use" and therefore exempt from property tax.

The property value data used in Table 1.8 is based on assessor's estimates of taxable value, and is therefore not necessarily reflecting the full market value of these parcels. This is because these property values are limited to a two percent increase each year under Proposition 13, until the property is resold, and thus revalued. When showing value per acre, sites with a significant amount of parking or other open space will appear to be of low value. In the case of many commercial uses, a low floor to area ratio is necessary to accommodate a significant amount of surface parking.

Revenue Source	*2003-2004*	*2006-2007*	*Increase (Decrease)*
Property Tax	$19,344,000	$24,000,000	$4,656,000
Sales Tax	$25,780,000	$28,600,000	$2,820,000
Vehicle License Fee	$6,700,000	$11,002,000	$4,302,000
Franchise Fees	$5,725,000	$7,090,000	$1,365,000
Transfer Tax	$4,900,000	$8,000,000	$3,100,000
TOT	$1,500,000	$1,375,000	($125,000)
Other Sources	$15,762,000	$21,982,000	$6,220,000
Total General Fund Revenues	*$86,913,000*	*$107,083,000*	$20,170,000
Total General Fund Expenditures*	$93,073,000	$106,717,000	$13,644,000
Net Surplus (Deficit)	($6,160,000)	$366,000	$6,526,000

Source: City of Hayward Adopted Budgets, 2004-2005 and 2006-2007

* The sum of revenue categories may not add up to total general fund revenues, because interdepartmental transfers are not accounted for among the categories. Also, numbers may not add up due to rounding.

Table 1.6: Change in Revenue Breakdown, 2003-04 and 2006-07 (rounded to $000s)

Caltrans Property Tax Contributions

As a state agency, Caltrans is presently exempt from property taxes and therefore all Caltrans owned properties show an assessed value of $0 in the Alameda County parcel data. However, the tenants of occupied Caltrans properties are considered to have a "taxable possessory interest" in the parcel[10], and therefore they are charged a property tax. This tax is charged directly to the tenants, and appears on the City's unsecured property tax rolls. The amount of tax is based not on the full value of the land, but instead is based just on the value of the improvements that the tenants are using (i.e. the house or apartment unit).

The transfer of Caltrans-owned land back to private ownership will therefore in itself result in a net positive fiscal impact to the City. All parcels will be reassessed at their current values under Proposition 13, and tax from occupied properties will be increased to include both the land and improvement values, rather than just improvements.

	Hayward Hills			***City of Hayward***
Land Use	*Total Value*	*Acres*	*Value Per Acre (Privately Owned)*	*Value Per Acre (Privately Owned)*
Agriculture/Quarry/Salt Pond	$23,390,030	1,804	$12,963	$12,040
Attached Residential / Mixed Use	$955,928,404	391	$2,445,146	$1,853,062
Office Based and Institutional	$108,068,547	260	$416,415	$923,544
Commercial (Retail)	$111,698,134	109	$1,024,430	$1,209,379
Rural Residential	$37,697,682	348	$108,212	$108,445
Single-family Residential	$3,322,917,825	3,094	$1,074,019	$1,497,915
Industrial	$29,836,062	15	$1,927,388	$1,106,386
Vacant	$113,199,934	915	$123,737	$148,649
Public Use	$558,450	5,491	$102	$23
Total	$4,703,295,068	12,428	$378,450	$405,915

Source: Alameda County Assessor's Office, Strategic Economics

Table 1.7: Property Value by Land Use, "Hayward Hills" and the City of Hayward, 2007

	City of Hayward		**Alameda County**	
Type of Business	**Taxable Transactions (000's)**	**Taxable Transactions per Household**	**Taxable Transactions (000's)**	**Taxable Transactions per Household**
Retail Stores				
Apparel stores	$69,718	$1,504.72	$625,984	$1,154.74
General merchandise stores	$239,640	$5,172.12	$2,087,101	$3,850.02
Food stores*	$63,027	$1,360.30	$744,339	$1,373.06
Eating and drinking places	$131,148	$2,830.55	$1,709,868	$3,154.15
Home furnishings and appliances	$99,620	$2,150.09	$843,587	$1,556.14
Bldg. matrl. and farm implements	$168,503	$3,636.78	$1,581,211	$2,916.82
Auto dealers and auto supplies	$380,153	$8,204.80	$2,987,795	$5,511.51
Service stations	$164,990	$3,560.96	$1,518,337	$2,800.84
Other retail stores	$221,134	$4,772.71	$3,130,260	$5,774.31
Retail Stores Totals	$1,537,933	$33,193.04	$15,228,482	$28,091.60
All Other Outlets	$939,777	$20,283.10	$9,014,499	$16,628.82
Totals All Outlets	$2,477,710	$53,476.14	$24,242,981	$44,720.41

*Tax exempt sales not included.

Source: California Board of Equalization, California Department of Finance, Strategic Economics

Table 1.8: Taxable Sales by Type of Business, City of Hayward and Alameda County, 2005

[10] For more information on taxable possessory interest, refer to Section 107 of the State Tax Code, available on the Board of Equalization website.

Sales Tax Contributions

Sales taxes are the largest contributors to the General Fund revenue, generating about $28 million in 2006-07. Table 1.8 shows that in 2005, Hayward's taxable retail sales were almost $9,000 higher per household than in Alameda County as a whole. The city's automobile-related and general merchandise stores are particularly important revenue generators; sales of building materials and home furnishings are also higher per household in the city than in the county. Hayward's highly competitive new auto sales stores, as well as the rapid housing growth that was still occurring during 2005, were likely major contributors to these trends.

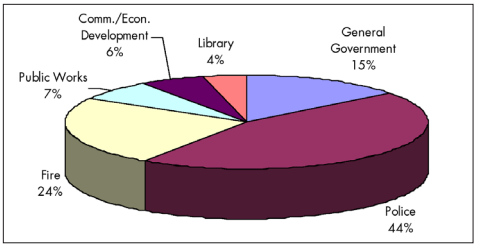


Figure 1.7: General Fund Expenditure Breakdown, FY 2006-2007

Source: City of Hayward Adopted Budget, 2004-2005

1.4.2 General Fund Expenditures

Most of the revenue in the City General Fund pays for salaries and benefits of employees. Therefore, departments that are, by necessity, reliant on high staffing numbers make up the largest share of the total expenditures from the General Fund. This is particularly true of the police and fire departments, which make up over two-thirds of the total 2006-2007 General Fund budget (Figure 1.7).

According to the City of Hayward Adopted Budget for 2007-08, the City General Fund is expected to see some modest growth from the previous year, but remain basically flat. The City continues its freeze on 67 positions and is not adding any new, major expenditure to the 2007-08 budget. Future expenditures may be affected by ongoing labor contract negotiations, though in the two previous years, bargaining units have agreed to zero percent increases.[11] Table 1.9 shows how expenditures changed between Financial Years 2003-04 and 2006-07.

Expenditure Breakdown	*2003-2004*	*2006-07*	*Increase (Decrease)*
General Government	$12,093,000	$14,449,000	$2,356,000
Police	$39,041,000	$44,605,000	$5,564,000
Fire	$20,614,000	$23,685,000	$3,071,000
Public Works	$6,417,000	$7,169,000	$752,000
Community/Economic Development	$5,741,000	$5,783,000	$42,000
Library	$3,492,000	$3,751,000	$259,000
*Total General Fund Expenditures**	$93,073,000	$106,717,000	$13,644,000
Total General Fund Revenues	$86,913,000	$107,083,000	$20,170,000
Net Surplus (Deficit)	($6,160,000)	$366,000	$6,526,000

Source: City of Hayward Adopted Budgets, 2004-2005 and 2006-2007

*The sum of expenditure categories may not add up to the total General Fund expenditures, due to interdepartmental transfers.

Table 1.9: Change in Expenditure Breakdown, 2003-04 and 2006-07 (Rounded to $000's)

Source: City of Hayward Adopted Budgets, 2004-2005 and 2006-2007

[11] Source: *City of Hayward 2006-07 Adopted Operating Budget,* Budget Message from City Manager Jesus Armas to the Mayor and City Council, dated May 15,2007.

1.4.3 Department Overviews

This section describes the current personnel and capital resources for a variety of departments in the City of Hayward. Police, Fire, and Public Works are the focus of this study because they generally incur the greatest costs from new development, depending on the type and location of proposed development. Because this report is intended to help inform later work analyzing the fiscal impacts of several alternative development concepts for the Hayward 238 study area, this section also provides information about how this later fiscal analysis will measure the additional costs that each of these departments might incur as a result of new development in the study area.

Police Department

There are approximately 312 personnel in the police department, 193 of whom are police officers or ranking trained officers. Since the last fiscal year the police department has continued a freeze on 26 officer positions. Officers are arranged in beats, which are staffed 24 hours a day in multiple shifts. Figure 1.8 shows that the Hayward 238 study area falls into police beats "A," "B," "H," and "F." In measuring the additional costs of development on the police service, past fiscal impact analyses have estimated the number of calls for service per household. The fiscal impact analysis for study area alternatives will measure the average calls for service for all residents and employees in the City, and apply this number to the estimated residents and employees generated from new development in the study area.

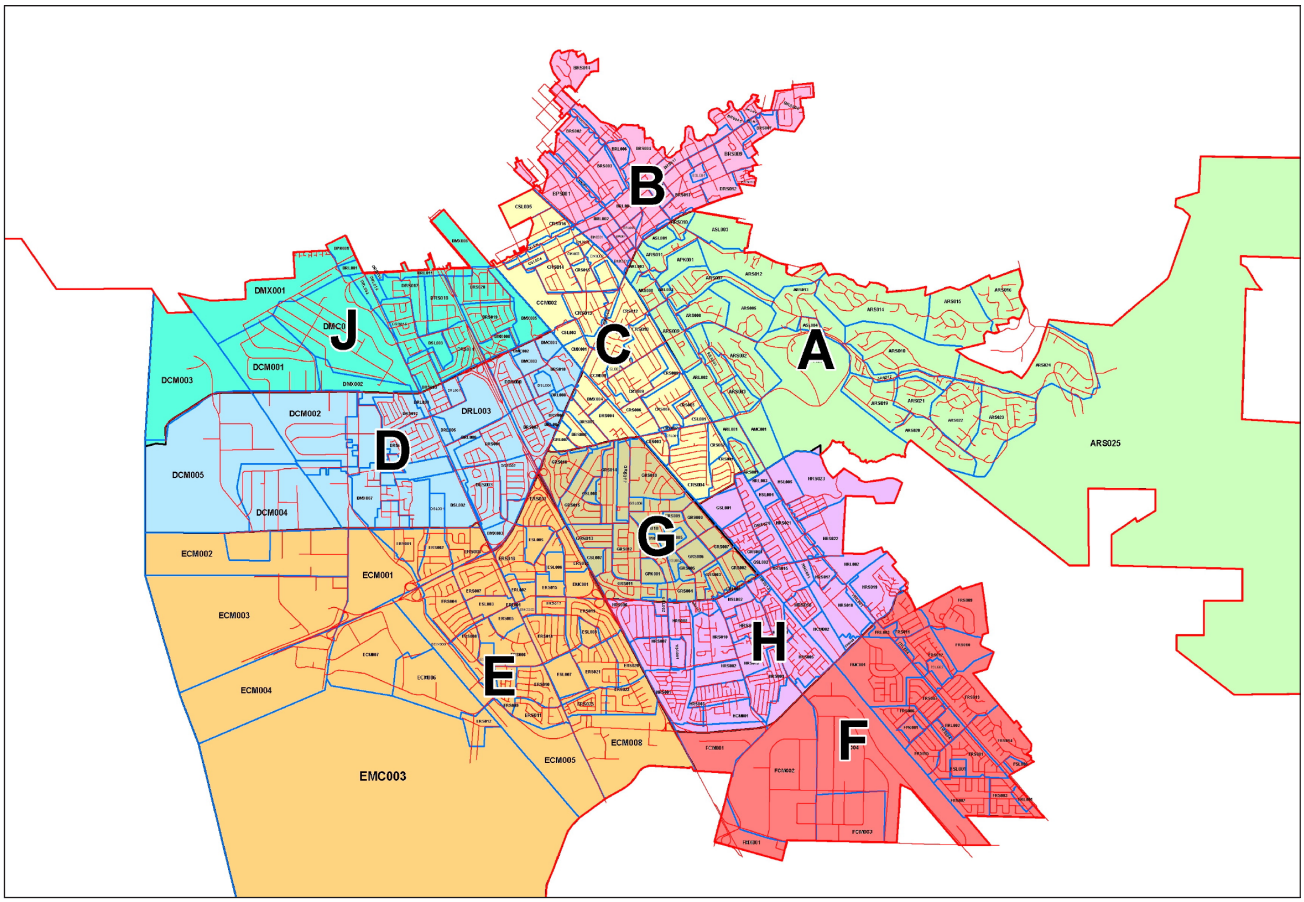


Figure 1.8: City of Hayward Map of Police Patrol Beats
Source: Excerpt from City of Hayward Police Department Website

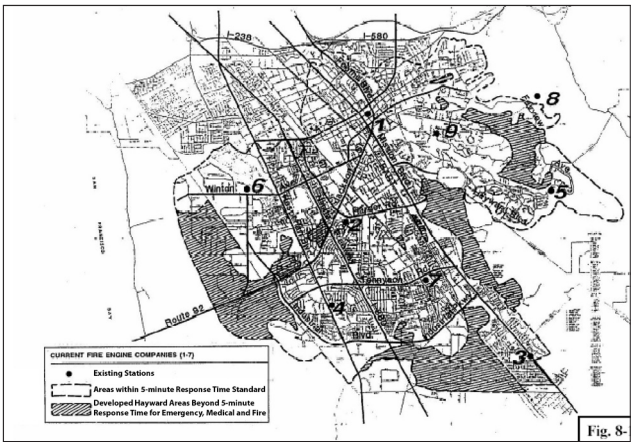


Figure 1.9: City of Hayward Fire Stations and Response Areas
Source: Excerpt from City of Hayward General Plan, page 8-2

Fire Department

There are 146 personnel in the fire department, with one position frozen in both the current and previous fiscal years. There are nine stations in the department's service area, which includes the entire City of Hayward and the Fairview Fire Protection District.

Figure 1.9 shows that fire stations 1, 7 and 9 are the closest stations to the study area. The impact of future development in the study area would be measured using the same general approach described for additional police impacts; the calls for service for residential and commercial space would be averaged across the current population, and multiplied by the additional residents or commercial space of proposed development alternatives for the study area, if any.

Public Works Department

The Public Works department manages the construction and maintenance of major capital projects throughout the City of Hayward. In particular, the Public Works department focuses on the maintenance of roads, streetlights, and landscaping. The department has frozen 9 positions in recent years, with a total of about 79 personnel remaining.

While the City also manages and operates the storm water and wastewater treatment facilities, and maintains its own water treatment and provision facilities, these operations are financed through separate enterprise funds and their services do not have a direct impact on the General Fund expenditures. However, future development in the study area might require infrastructure upgrades upon the addition of new development, and thus might experience an impact that would not be apparent in the City's General Fund but is important nonetheless.

It is likely that the Public Works department would not incur any additional general fund costs as a result of new development proposed in the concept plan alternatives, because the alternatives may not need to add additional streets or lighting. However, the additional capital improvements of any alternative plan will be discussed with the public works department when the time comes, and additional costs would be calculated on a cost per linear foot or cost per acre basis.

Other Departments

Other City departments include administrative functions such as the Mayor and Council, City Manager's office, City Clerk, City Attorney, Human Resources and Finance and Internal Services, as well as community functions including Community and Economic Development and the Library. These remaining departments are grouped together because they will not experience a major impact as a result of new development, since they provide services to the city as a whole and not to a particular geographic area. These departments tend to have a more fixed set of costs; their staffing needs and overall operations do not increase proportionally with population or employment growth. However, if the alternative concept plans propose new development, additional residents and businesses could trigger a slight increase in their service costs. This is measured by assuming that ninety percent of the budget for each department would not change with growth, and that the remaining ten percent of the budget would increase on an average per capita basis.

1.4.4 Hayward Area Recreation and Park District (HARD)

Land use alternatives for the Hayward 238 Bypass Corridor could potentially add a significant increment of parks, open space, and trails. This, in turn, could greatly impact the Hayward Area Recreation and Park District (HARD) capital and operating budgets. Therefore, this section describes HARD's current budget, and potential fiscal issues relating to the Hayward 238 study area land use study.

HARD Revenue Overview

HARD serves a 64 square mile area that includes the City of Hayward and the unincorporated areas of San Lorenzo, Ashland, Cherryland, and Castro Valley. HARD's total income in fiscal year 2006/2007 was $26 million. About half of this income was from property tax, and another 13 percent was from a voter-approved Special Assessment Tax. Operating expenses totaled nearly $22 million.

The District's budget was particularly affected by the State of California ERAF transfer policy, which was initiated in 1992 in order to increase spending on public education statewide. Since the ERAF transfer was implemented, special districts throughout California have lost a total of $6.5 billion in property tax. In the 2006/2007 fiscal year, special districts in Alameda County lost an estimated total of $34 million to the ERAF transfer.[12]

Issues Relating to the Study Area

The addition of more hillside open space is not a priority for HARD

According to the HARD Master Plan, published in June 2006, hillside areas pose a particular challenge for the District. Over the last several decades HARD amassed substantial acreage of hillside open space from residential subdivision developers in order to fulfill their parks requirements. However much of this space was unusable for parks due to its steep, environmentally sensitive nature. Additionally, these open hillside areas require costly maintenance for fire prevention. Therefore the Master Plan calls for HARD to consider additional open space only when it can truly provide a recreational benefit relative to its potential operating cost.

Connecting trails to East Bay Regional Parks is desirable

The Hayward 238 Bypass Corridor may offer important opportunities to establish connections with East Bay Regional Parks. HARD has identified several possible areas of interest for trails. These have been identified as part of Community Design + Architecture's existing conditions evaluations.

HARD will likely not have the financial resources needed to purchase and construct significant areas of open space, parks, or trails

The scarcity of public funds for purchase and construction of parkland will require HARD and/or the City to consider other means of financing any additional parks, open space, or trails that are identified in the land use plans for the Route 238 Bypass corridor. HARD typically relies more on grants and conservation easements or developer dedications than on its own annual revenues from taxes and user fees. Moreover, some areas of HARD's district are badly underserved, and it is a priority for HARD to dedicate its funding parkland in these areas first. The city of Hayward generally has sufficient parklands to meet the needs of its population, relative to other areas.

[12] Source: California City Finance. Accessed October 29, 2007 at www.californiacityfinance.com

There are several financing options to purchase and improve new open space and parks in the study area. The lowest cost option is to encourage developers to allow conservation or right-of way easements through their property as part of a development agreement. For a trail, this type of easement would typically be from 14 to 16 feet wide, and may be particularly achievable if trails follow creek beds that would require a conservation easement anyway.

In-Lieu impact fee monies may also be available for use, although their supply is limited, and the City's priorities with regard to parks would need to be carefully considered before dedicating funds. Impact fees in Hayward are administered by the City, and held in a separate fund until HARD applies to use them. Fees are collected for five separate zones, shown in Figure 1.10. Current fee rates are shown in Table 1.10.

Finally, HARD may receive additional funding through bonds proposed in Measure AA, which is expected to go before voters in 2008. This bond could increase money for parks primarily in the East Bay Regional Parks District, though HARD would benefit from additional infrastructure funding through this proposed Measure as well.

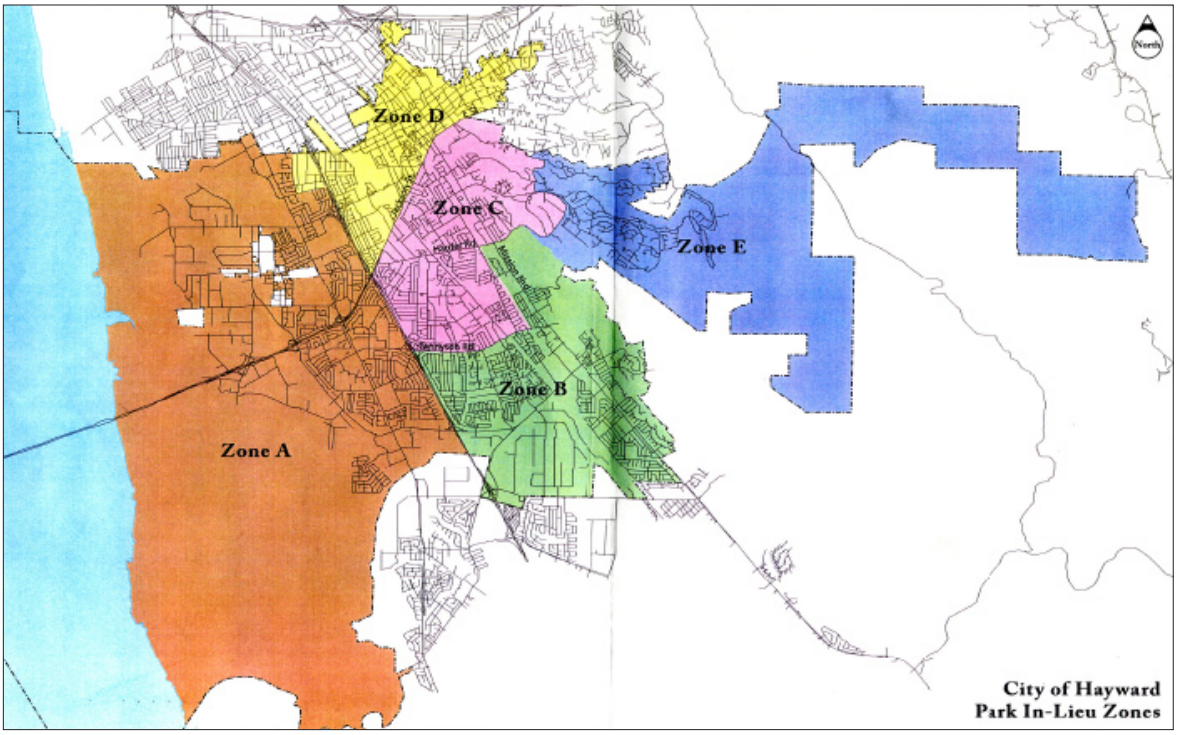


Figure 1.10: Parks In-Lieu Impact Fee Collection Zones
Source: City of Hayward, Hayward Area Recreation and Parks District

Use Type	Fee per Unit
Single-family Detached	$11,953
Single-family Attached	$11,395
Multifamily	$9,653

Table 1.10: Current Parks In-Lieu Impact Fees in the City of Hayward
Source: City of Hayward, Hayward Area Recreation and Parks District

1.5 Overview of Possible Relocation Issues

Strategic Economics met with Overland Pacific & Cutler, Inc. to discuss possible issues related to the transfer of land from the California Department of Transportation (Caltrans) to private ownership. Two of the key issues emerging from this study are: the requirements for relocation of residential and business tenants from Caltrans sites to facilitate other private development; and issues relating to transferring ownership of certain Caltrans parcels to the current tenants of these parcels.

This section is intended merely to provide an overview of the major state legislation relating to this land transfer, to identify key considerations surrounding this land transfer as they relate specifically to the City of Hayward, and to provide initial recommendations for further research or action that the City of Hayward might take in order to ensure that the land use planning process is generally supported by the community in and around the study area. Any legal issues relating to relocation, land transfer, and the City's obligations should be referred to the City Attorney or a similar responsible party.

1.5.1 Highlights From State Legislation Relating to Tenant Relocation and Resale of Caltrans Properties in the Route 238 Corridor

16.00.00.00 Guidelines for Transfer of Excess Land Owned by Department of Transportation

This State Code provides the California Department of Transportation with guidelines for transferring excess land. Key guidelines[13] that may pertain to the City of Hayward and/or the Hayward Area Recreation and Parks District include:

16.01.03.09 Direct Conveyance Pursuant to Cooperative Agreement

Provides guidelines for the State to "jointly share in the acquisition and construction of an improvement jointly benefiting the State and the public body, with the fee or easement title to be conveyed to the public body for their future maintenance of the facility."

16.01.03.10 Direct Fee Sale to Government Agencies

Provides guidelines for the State to sell to a public entity for a fair market value, without requiring a competitive bid process.

16.01.03.11 Direct Sale to Eligible Present Occupants

Provides guidelines for the State to sell land to current tenants at fair market rate, or at a below market rate value provided tenants qualify.

16.01.03.12 Direct Sale to Former Owners

"Direct sales, at fair market value, to former owners who have remained in occupancy."

16.01.03.13 Direct Sale to Housing Entity

"Direct sale, at less than fair market value (i.e. at a reasonable price), to a housing entity that will use the property for low- and moderate- income housing purposes…"

[13] Note: this is not a comprehensive summary of all regulations pertaining to land transfer, but offers a highlight of possible legislation that the City may take advantage of to achieve their goals.

The Roberti Bill: Government Code Section 54235-54238.7: Sale of Surplus Residential Properties and Replacement Housing

The 238 Bypass corridor is one of four route segments in the state of California that qualifies under the Roberti Bill. This Bill is intended to encourage the sale of surplus residential property to occur "In accordance with procedures meant to:

- Preserve, upgrade, and expand the supply of housing available to persons and families of low or moderate income.
- Mitigate environmental effects caused by highway activities."

The Roberti bill requires the state to provide an opportunity for current tenants to purchase housing at less than fair market value if they qualify as low or moderate-income households. Further it requires the state to offer replacement housing if residences are to be demolished.

14528.6 Guidelines for Relocation Assistance to Residents within a Local Alternative Transportation Improvement Program (14528.5)

A 1990 Consent Decree related to the settlement of a lawsuit regarding the 238 Bypass requires 1:1 replacement housing plans to be included in any local alternative transportation improvement program (LATIP). The State and the City may both have some responsibility to provide replacement affordable housing. Please refer to the City Attorney to determine any responsibility that the City may have within this Consent Decree.

1.5.2 Relocation Issues and Considerations

Concerns Highlighted in Community Meeting No. 1

Overland, Pacific, & Cutler attended Community Meeting No. 1, and attempted to contact Caltrans in order to identify tenants' general relocation issues and considerations as they relate to the 238 Bypass Land Use Study. Following is a summary of various relevant issues that were highlighted by Caltrans tenants at the Community Meeting:

What is the relocation and sale process to be utilized in the project?

The tenants would like clarification regarding the process that Caltrans and the City will use to relocate tenants. How will properties be transferred? How will the public agencies plan and prepare for relocations?

How will the City be involved in the relocation and transfer of properties to tenants?

Further clarification is also needed on the involvement of and/or assistance by the City in any tenant relocation or tenant purchase of properties at market rate and affordable prices.

What types and how many displacements will be planned?

Based on the land use study, which parcels will possibly require displacement and relocation of both residential and business tenants?

How will the Consent Decree in 14528.6 be applied, and what will be the City's involvement?

To what extent will the City participate in offering assistance to low and moderate-income tenants to purchasing their Caltrans properties? To what extent will the City participate in offering affordable housing that will be prioritized for low- and moderate-income tenants requiring relocation assistance?

Possible Next Steps and Issues to be Addressed

- Work with Caltrans to identify and describe the process for disposition of parcels
- Determine the City of Hayward's role in the Consent Decree
- Coordinate with local housing advocates and legal representatives
- Summarize the compatibility of the resulting land use plan, and relocation and tenant assistance requirements
- Identify issues with current tenants in the project area, and special needs (e.g. elderly, disabled residents)
- Ensure the compatibility of relocation / low and moderate tenant purchase requirements and the Housing Element / General Plan

Evaluation of Potential City Strategies to Support Tenant Purchase and Relocation

Offering assistance to tenants who are interested in purchasing their homes at market-rate

Many of the Caltrans tenants occupying single-family homes will have an interest in purchasing their homes at market rate. However, many of these properties will require significant rehabilitation in order to qualify for a mortgage. The State may be obligated to complete this rehabilitation prior to offering properties for sale. Alternatively the City may want to explore the opportunity to offer low interest or first-time homebuyer loans to these tenants.

Offering assistance to low- and moderate- income tenants who are interested in purchasing their homes at below market rate

The City could provide assistance to tenants who are interested in purchasing their homes, but who qualify as low- or moderate- income households. These units could be considered long-term affordable housing units if sale prices for households are restricted. In this way the City could use the transfer of Caltrans properties to expand its inventory of affordable housing. However, if the City is responsible for maintenance or tracking these scattered units, this could be more costly than maintaining or tracking clusters of affordable housing.

Partnering with affordable housing developers for construction of new affordable housing on Caltrans parcels as replacement housing.

The guidelines for land transfer summarized above seem to allow Caltrans to offer properties to affordable housing entities at below market rate. The City could look into how to facilitate or support such a transaction in pursuit of replacement housing as necessary, or to advance local affordable housing goals. Should affordable housing be developed with the intention of providing replacement housing, the City will likely need to ensure that the housing interest list prioritizes these tenants.

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