



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 05/08/01
AGENDA ITEM 5
WORK SESSION ITEM _____

TO: Mayor and City Council
Redevelopment Agency Board

FROM: Director of Community and Economic Development

SUBJECT: Approval of Revised Preliminary Plan, Owner Participation Rules, and Report to City Council; Referral of Redevelopment Plan Amendment documents; Election to Receive Passthrough Payments; and Setting a Joint Public Hearing

RECOMMENDATION:

Staff recommends that the Agency Board adopt the attached resolutions approving the revised Preliminary Plan, the Rules for Owner Participation and Business Preferences, and the Report to City Council.

Staff recommends the City Council adopt the attached resolutions electing to receive passthrough tax increment revenue payments, and setting a joint public hearing date to consider the proposed Redevelopment Plan Amendment for June 12, 2001.

BACKGROUND:

The Redevelopment Agency is considering an Amendment to its Downtown Hayward Redevelopment Plan which would add 738 acres to the existing Project Area along the Mission and Foothill Boulevard corridors, extending both north and south from the existing Redevelopment Project Area to the City limits. During the past year, several steps have been completed in the process of considering such an Amendment. These include: establishment and revision of the proposed boundaries for the Amendment area; review and circulation of a Preliminary Report and a Draft Environmental Impact Report (EIR); expansion of the Hayward Redevelopment Area Committee (HRAC) to include representatives from the area under consideration, and consultation with affected taxing agencies. The actions presented for consideration here are some of the final steps that must be taken before the City Council/Agency Board can consider adoption of the proposed Plan Amendment in a joint public hearing.

Preliminary Plan

The project boundaries have been modified to delete the unincorporated areas from the proposed amended area. This is the only change that has been made to the Preliminary Plan.

The changes to the project boundaries were approved by the Planning Commission on March 8, 2001. The Agency must approve the change in project boundaries prior to publication of the notice for the public hearing.

Owner Participation Rules

The Agency approved Rules for Owner Participation and Business Preference for the original project area on October 28, 1975 and amended the Owner Participation Rules on October 6, 1998. It is necessary to approve the extension of these Owner Participation Rules to this amended area. By so doing, the Agency permits the extension of reasonable preferences to persons who are engaged in business in the proposed amended project area to reenter into business in the redevelopment project area if they otherwise meet the requirements prescribed by the Redevelopment Plan. In addition, the Owner Participation Rules provide an avenue for property owners to work with the Agency to develop or redevelop their property, generally through an Owner Participation Agreement (OPA).

Report to City Council

The Report to City Council on the proposed Mission-Foothill Redevelopment Plan Amendment contains several elements. Three of the key elements are the documentation of blight, proposed activities to mitigate blight and a tax increment revenue projection to show there are adequate funds to pay for the proposed projects. These three elements were part of the Preliminary Report that was presented to the Agency at its meeting on January 23, 2001. Other significant elements of the Report to City Council include the Implementation Plan for the first five years, a summary of public review and Planning Commission actions, an analysis of the Report of the County Fiscal Officer and a summary of consultations with affected taxing entities. By accepting the Report to City Council, the City Council will make the Report available for public review for five weeks prior to the public hearing.

Implementation Plan

One of the most important elements of the Report to City Council is the Implementation Plan, as this document provides program and expenditure guidance for the next five years. The Implementation Plan is based on the general programmatic goals that were established for the proposed Amendment Area in the Preliminary Report, as well as identified policies for the City's General Plan and Neighborhood Plans. The Implementation Plan also accounts for tax increment that is expected to be generated in the first five years, including an estimated \$769,000 in present value dollars for projects and \$265,000 for the Low and Moderate-Income Housing fund. Proposed projects and activities are generally spread among various areas of the Mission-Foothill corridor. The HRAC has reviewed and commented on the Implementation Plan.

Project Feasibility

A primary purpose of the Report to Council is to establish the financial feasibility of the proposed Amendment. The feasibility analysis should determine whether or not there are adequate funds to pay for the cost of projects that are necessary to mitigate blighted conditions within the project area and, in addition, provide 20% of total tax increment revenues for affordable housing.

The proposed amended area is projected to generate a total of \$146.3 million in present value dollars over the life of the Plan (in unadjusted or "nominal" dollars over the 45-year life of the Plan this equates to \$441.9 million). Of this amount, approximately \$49 million is deducted in order to cover passthrough payments and County administration costs, thereby leaving approximately \$97.3 million for affordable housing, redevelopment projects and administration. The Low and Moderate-Income Housing Fund is expected to receive approximately \$29.3 million leaving a balance of \$68 million for projects and administration. The tax increment projections are based on a very conservative growth rate in the initial five years of 2%, with the addition of projects that have been proposed for construction in the area by private developers. The 40-year balance of the tax increment generation period is expected to grow at 5%.

The Project can be determined to be feasible as project costs for housing and non-housing activities are estimated to be \$97.0 million, and project revenues are estimated to be \$97.3 million.

Review by Taxing Entities

Community Redevelopment Law requires the Agency to consult with each affected taxing entity regarding the proposed Redevelopment Plan Amendment and the allocation of tax increment revenues. The Agency sent each affected taxing entity copies of the Preliminary Plan, Draft EIR and the Preliminary Report. In addition, the Agency invited all 17 of the affected entities to a consultation meeting on March 28, 2001. There were only two taxing entities that indicated a desire to meet with Agency staff and consultants. The Hayward Unified School District (HUSD) and Alameda County. Staff met with HUSD on March 28 and discussed fiscal impacts and how to work together to better serve the community. Agency staff and consultants also met with representatives of Alameda County who expressed some concern about loss of revenue on May 1, 2001. The passage of AB 1290, however, has set a standard for the distribution of tax increment between jurisdictions.

Public Review

In September 2000, the Agency sponsored a community meeting that outlined the proposed Plan Amendment and the Plan adoption process. The community meeting was also preparatory to the election of additional members to the HRAC from the area under consideration.

The HRAC has met a total of seven times to date. The HRAC is scheduled to meet next on May 9 to review the Redevelopment Plan Amendment and to begin discussions regarding its report and recommendations to the Redevelopment Agency. In addition to the HRAC meetings, the City Council, Agency Board and Planning Commission have discussed the proposed Plan Amendment at several meetings throughout the past year.

Redevelopment Plan and Final Environmental Impact Report

The inclusion of this corridor in the Redevelopment Plan is premised on a variety of factors that indicate the area is both physically and economically blighted. The Draft EIR specifies a variety of factors that indicate socioeconomic conditions in the area are worse than the citywide or countywide averages. The amendment area has relatively fewer "white collar" jobs, fewer jobs per employed resident, higher rates of overcrowding in housing, higher proportions of structures in disrepair, lower median and per capita incomes, and a higher percentage of persons over 25 years without a high school diploma. It also contains a high concentration of bars and liquor outlets that tend to require a higher level of response from public safety personnel than do other areas.

The Final EIR and the Redevelopment Plan will be referred to the Planning Commission for their review. The Planning Commission must find that the Redevelopment Plan is in conformance with the City's General Plan and recommend to the Agency and City Council on certification of the EIR. In addition, the Redevelopment Plan will be referred to the HRAC for their review and action. If either the Planning Commission or the HRAC recommend against the approval of the Plan, the legislative body may adopt the Plan by a two-thirds vote of its entire membership eligible and qualified to vote on the Plan.

In addition to the provision adding territory to the proposed Redevelopment Project, the Redevelopment Plan Amendment contains two other provisions. One is that the maximum amount of outstanding bonded indebtedness that the Agency can be liable for at any one time is increased from \$150 million to \$300 million (see Section 8 of the Plan Amendment). While staff does not anticipate that the Agency would ever approach that limit, the total amount of tax increment expected to be generated by the entire Project Area (existing and new) is expected to reach that amount. Therefore, staff believes it prudent to expand this limit to this extent.

The other provision proposed for the Plan Amendment is to revise an existing clause which provides exemption from eminent domain for residential properties located within a particular five-block area of downtown, which were owned and occupied by the property owners as of March 28, 1987 (see Section 4a. of the Plan Amendment). This was a provision that was put in place when this small area was added to the Redevelopment Project in that year. Since that time, all but an estimated four properties have been sold by their original owner-occupants (see Attachment A). Because of this, and because of the opportunities and challenges that are presented by this area, staff believes that the Redevelopment Plan should be amended to allow eminent domain on these properties subject to a two-thirds vote (supermajority) of the Agency Board. No decision is being requested of the Agency Board/City Council until the joint public

hearing to consider adoption of the Plan Amendment on June 12. In the meantime, letters have been sent to the known affected property owners notifying them of this proposed change, and staff plans to meet with them prior to the public hearing.

City Pass through Payments:

This action is for the City Council to consider electing to receive its passthrough payments of tax increment revenue over the life of the Amended Downtown Hayward Redevelopment Plan. The City elected to receive passthrough payments for the 1998 Amended Redevelopment Plan. However, the City agreed to transfer the payments back to the Agency for the first five years. The City has an opportunity to receive passthrough payments for the proposed Amended Area. In accordance with the passthrough formula the City is expected to receive \$7.2 million from the Added Area in present value passthrough payments over the life of the Amended Redevelopment Plan. Passthrough payments from the Added Redevelopment Area will begin in fiscal year 2002-2003. These payments are projected to amount to \$63,315, in present value, for the first five years of the Amended Redevelopment Plan.

Staff recommends that the City Council consider adopting the attached resolution, which will serve as the City's election to receive passthrough payments from the Amended Redevelopment Plan, and agree to transfer the passthrough payments until and including fiscal year 2006-2007 back to the Agency.

Joint Public Hearing - City Council

The City Council is being requested to set the Joint Public Hearing to consider adoption of the proposed Redevelopment Plan Amendment for June 12, 2001. By adopting the attached resolutions, the Agency Board will also consent to the Joint Public Hearing. A notice of the hearing must be published once per week for four consecutive weeks prior to the hearing and all property owners and residents receive written notice thirty days prior to the hearing.

The items that staff is recommending for action at this meeting are primarily procedural in nature, and are requested in order to prepare for the June 12 hearing. None of the actions under consideration would constitute an approval of the Redevelopment Plan Amendment at this time.

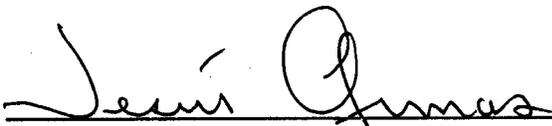
Prepared by:


Maret Bartlett, Redevelopment Director

Recommended by:


Sylvia Ehrenthal, Director of Community and
Economic Development

Approved by:


Jesús Armas, City Manager

Attachments:

- A. Map of Redevelopment Expansion Area No. 1 - 1987 Residential Owner-occupants
- B. Amended Preliminary Plan
- C. Amended Owner Participation Rules
- D. Report to Council
- E. Redevelopment Plan Amendment
- F. Final EIR
Resolutions

**DUE TO THE SIZE OF THE
ATTACHMENT TO THIS REPORT, IT IS
NOT AVAILABLE FOR WEB VIEWING.
THE ENTIRE REPORT IS AVAILABLE
FOR REVIEW IN THE COMMUNITY AND
ECONOMIC DEVELOPMENT
DEPARTMENT, AT THE MAIN LIBRARY
AND IN THE CITY CLERK'S OFFICE.**

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

RESOLUTION CONSENTING TO AND CALLING A JOINT PUBLIC HEARING ON THE PROPOSED MISSION- FOOTHILL CORRIDOR AMENDMENT TO THE DOWNTOWN HAYWARD REDEVELOPMENT PLAN AND ELECTING TO RECEIVE A PORTION OF THE TAX INCREMENT PURSUANT TO HEALTH AND SAFETY CODE SECTION 33607.5

WHEREAS, the City Council of the City of Hayward (the "Council") adopted the Downtown Hayward Redevelopment Plan by Ordinance No.75-029 on December 30, 1975, and amended the Redevelopment Plan by Ordinance No.86-041 on December 16, 1986, Ordinance No.87-009 on April 21,1987, Ordinance No.92-21 on July 28,1992, Ordinance No.94-30 on December 20,1994, and by Ordinance No.98-016 on November 10,1998 (as so amended, the "Redevelopment Plan"); and

WHEREAS, pursuant to the applicable provisions of the Community Redevelopment Law (Health & Safety Code 33000 et seq.), the Redevelopment Agency of the City of Hayward ("Agency") has prepared a proposed amendment to the Redevelopment Plan which would add to the Downtown Hayward Redevelopment Project certain real property referred to as the "Mission-Foothill Corridor" (the "Mission-Foothill Corridor Amendment"), and has submitted said Amendment to the City Council together with the Report of the Agency and a Final Environmental Impact Report and has consented to and requested that the City Council call a joint public hearing to consider and act upon said amendment; and

WHEREAS, the Community Redevelopment Law authorizes a joint public hearing on the proposed Mission-Foothill Corridor Amendment with the consent of the Agency and the City Council; and

WHEREAS, Section 33607.5 of the Community Redevelopment Law provides that in any fiscal year in which a redevelopment agency receives tax increment revenue, the community that has adopted the redevelopment plan may elect to receive, and the redevelopment agency shall pay to it, an amount equal to twenty-five percent (25%) of its proportionate share of the tax increment revenue after deducting the amount required to be deposited in the agency's low- and moderate-income housing fund (the "City Election"); and

WHEREAS, the City Council desires to receive the City Election for each fiscal year in which the Agency receives tax increment revenue from the area added by the proposed Mission-Foothill Corridor Amendment.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward as follows:

1. The City Council hereby consents to and calls a joint public hearing of the Agency and the City Council for June 12, 2001, at 8:00 p.m., in the City Council Chambers at 777 B Street, Hayward, California, to consider and act upon the proposed Mission-Foothill Corridor Amendment and all documents and evidence pertaining thereto.

2. The City Clerk shall, in cooperation with the Secretary of the Agency, prepare, publish and mail such notices and documents and do all other acts as may be necessary to hold such joint public hearing.

3. The City Council hereby elects to receive the City Election for each fiscal year in which the Agency receives tax increment revenue from the area added by the proposed Mission-Foothill Corridor Amendment.

4. The City Clerk is hereby directed to transmit a copy of this resolution to the tax collector of Alameda County.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2001

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA-_____

Introduced by Agency Member _____

RESOLUTION (1) APPROVING THE AMENDMENT OF THE BOUNDARIES OF THE AREA PROPOSED TO BE ADDED TO THE DOWNTOWN HAYWARD REDEVELOPMENT PROJECT; (2) APPROVING AND ADOPTING ITS REPORT TO THE CITY COUNCIL ON THE PROPOSED AMENDMENT TO THE DOWNTOWN HAYWARD REDEVELOPMENT PLAN; (3) SUBMITTING THE FINAL EIR AND PROPOSED REDEVELOPMENT PLAN AMENDMENT TO THE PLANNING COMMISSION AND THE HAYWARD REDEVELOPMENT AREA COMMITTEE; AND (4) CONSENTING TO A JOINT PUBLIC HEARING ON THE REDEVELOPMENT PLAN AMENDMENT

WHEREAS, the City Council of the City of Hayward (the "City Council") adopted the Downtown Hayward Redevelopment Plan by Ordinance No.75-029 on December 30, 1975, and amended the Redevelopment Plan by Ordinance No.86-041 on December 16,1986, Ordinance No.87-009 on April21, 1987, Ordinance No.92-21 on July 28,1992, Ordinance No.94-30 on December 20,1994, and by Ordinance No.98-016 on November 10,1998 (as so amended, the "Redevelopment Plan"); and

WHEREAS, on February 15, 2000, by Resolution No.00-022, the City Council amended the survey area boundaries for the Downtown Hayward Redevelopment Project ("Project") to study whether the redevelopment of certain additional area sometimes referred to as the "Mission-Foothill Corridor" was feasible; and

WHEREAS, on July 13, 2000, by Resolution No. 00-01, the Planning Commission of the City of Hayward ("Planning Commission") revised the boundaries of the Project to include said additional area and approved an amendment to the Preliminary Plan for the Project; and

WHEREAS, on March 8, 2001, by Resolution No. 01-01, the Planning Commission revised the Amended Preliminary Plan by deleting from the description of the boundaries of the Project a portion of the area proposed to be added which is not located within the boundaries of the City of Hayward, but located within the unincorporated territory of the County of Alameda, adjacent to the City (the "County Area"); and

WHEREAS, the area proposed to be added to the Project as so amended and revised is referred to hereinafter as the "Added Area"; and

WHEREAS, pursuant to the applicable provisions of the Community Redevelopment Law, the Redevelopment Agency of the City of Hayward ("Agency") has prepared a proposed amendment of the Redevelopment Plan which would add the Added Area to the Project (the "Mission-Foothill Corridor Amendment") and a Report to the City Council on the proposed Mission-Foothill Corridor Amendment ("Report to the City Council"); and

WHEREAS, pursuant to the applicable provisions of the California Environmental Quality Act, the Agency has prepared a Final Environmental Impact Report for the proposed Mission-Foothill Corridor Amendment (the "EIR"); and

WHEREAS, the Community Redevelopment Law authorizes a joint public hearing of the City Council and the Agency on the proposed Mission-Foothill Corridor Amendment with the consent of the Agency and the City Council.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Hayward as follows:

1. The Agency hereby approves the action of the Planning Commission (Resolution No.01-0-I) deleting the County Area from the Added Area.
2. The Agency hereby approves and adopts the Report to the City Council and submits said Report, together with the EIR and Mission-Foothill Corridor Amendment to the City Council.
3. The Agency hereby refers the EIR and Mission-Foothill Corridor Amendment to the Planning Commission and the Hayward Redevelopment Area Committee for their report and recommendation.
4. The Agency hereby consents to a joint public hearing with the City Council on June 12, 2001, at 8:00 pm., in the City Council Chambers at 777 B Street, Hayward, California, to consider and act upon the proposed Mission-Foothill Corridor Amendment and all documents and evidence pertaining thereto and directs the Secretary of the Agency, in cooperation with the City Clerk, to prepare, publish and mail such notices and documents and do all other acts necessary to hold such joint public hearing.

HAYWARD, CALIFORNIA _____, 2001

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

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

APPROVED AS TO FORM:

General Counsel

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD 

RESOLUTION NO. RA-_____

Introduced by Agency Member _____

RESOLUTION APPROVING OWNER PARTICIPATION
RULES FOR THE PROPOSED MISSION-FOOTHILL
CORRIDOR REDEVELOPMENT PLAN AMENDMENT

WHEREAS, the City Council of the City of Hayward (the "City Council") adopted the Downtown Hayward Redevelopment Plan by Ordinance No.75-029 on December 30, 1975, and amended the Redevelopment Plan by Ordinance No. 86-041 on December 16, 1986, Ordinance No.87009 on April 21,1987, Ordinance No. 92-21 on July 28,1992, Ordinance No. 94-30 on December 20,1994, and by Ordinance No. 98-016 on November 10,1995 (as so amended, the "Redevelopment Plan"); and

WHEREAS, in connection with the adoption of the Redevelopment Plan, the Redevelopment Agency of the City of Hayward ("Agency") adopted the Rules for Business Tenant Preferences and Rules for Owner Participation on October 28, 1975, by Resolution No.75-08, and amended said Rules on October 6,1998, by Resolution No.98-12 (as so amended, the "Owner Participation Rules"); and

WHEREAS, pursuant to the applicable provisions of the Community Redevelopment Law (Health & Safety Code 33000 *et seq.*), the Agency has prepared a proposed amendment to the Redevelopment Plan which would add to the Downtown Hayward Redevelopment Project certain real property referred to as the "Mission-Foothill Corridor" (the "Mission-Foothill Corridor Amendment"); and

WHEREAS, Section 33345 of the Community Redevelopment Law provides that a redevelopment agency shall adopt and make available for public inspection rules to implement the operation of owner participation in connection with a redevelopment plan; and

WHEREAS, Section 33339.5 of the Community Redevelopment Law provides that a redevelopment agency shall adopt and make available for public inspection rules regarding the extension of reasonable preferences to persons who are engaged in business in the project area to reenter into business within the redeveloped area if they otherwise meet the requirements prescribed by the redevelopment plan.

NOW THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Hayward as follows:

1. The Agency hereby approves and adopts the Owner Participation Rules attached hereto as Exhibit A as the official rules governing owner and tenant participation for the Mission-Foothill Corridor Amendment.

2. The Secretary of the Agency is hereby directed to make a copy of the Owner Participation Rules available for public inspection.

HAYWARD, CALIFORNIA _____, 2001

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

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

APPROVED AS TO FORM:

General Counsel