

**DATE:** January 29, 2008

**TO:** Redevelopment Agency Board Members

**FROM:** Director of Community and Economic Development

**SUBJECT:** Review of FY 2004-05 – FY 2008-09 Implementation Plan for the Downtown Hayward Redevelopment Project

### **RECOMMENDATION**

It is recommended that the Agency accept the Mid-Term Review of the FY 2004-05 –FY 2008-09 Downtown Hayward Redevelopment Project Implementation Plan.

### **BACKGROUND**

Pursuant to state redevelopment law, the Agency is required to adopt an Implementation Plan for the Redevelopment Project Area every five years. The Plan outlines goals for revitalization and blight elimination in the Project Area, as well as potential programs and projects, and estimated expenditures for the five years. The Plan covers Fiscal Year 2005 through Fiscal Year 2009, and also includes information on the Agency affordable housing activities. It describes the Agency's intentions for using its Low and Moderate Income Housing Fund to increase, improve, and preserve between the second and third years of the five-year term of the Implementation Plan. The purpose is to review the Implementation Plan and evaluate the progress of the Redevelopment Agency. Staff has prepared a mid-term review of the FY 05 – FY 09 Implementation Plan, which is Exhibit A of this agenda report. This mid-term review also incorporates Agency Board input from a work session held on January 8, 2008, regarding Agency Project Priorities.

The Agency is not required to take any formal action concerning the FY 2004-05 – FY 2008-09 Implementation Plan. This mid-term review is an opportunity for the Agency to accept public comment and review the activities and expenditures of the Agency.

Since the Implementation Plan was adopted in December 2005, the Redevelopment Agency has focused primarily on two sets of projects:

- 1) Design and construction of public improvements associated with the Cannery Area Plan, including the completion of new streets and infrastructure, construction of a new Burbank Elementary School and the expansion of Cannery Park; and

- 2) Completion of various parking improvements in the Downtown area, and the construction of the Cinema Place retail development at the corner of B Street and Foothill Boulevard.

With respect to the Cannery area, the streets and infrastructure have been completed, the school is under construction and on schedule to be completed by August of this year, and the park is scheduled for completion in the spring of this year. These projects represent a \$40 million-plus commitment by the Agency. Meanwhile, Citation Homes and Meritage Homes have begun construction on the Cannery Place residential developments, and the Agency recently entered into negotiations with Citation Homes for the residual Burbank School property. Proceeds of the sale of the residual Burbank School property, as well as development fees from the construction of the Cannery area properties, will be used to offset the cost of construction of the new school and expanded park.

The downtown parking projects include the addition of a level to the City Hall parking garage, the expansion of Municipal Parking Lot Two, and the construction of Cinema Place Parking Garage. These projects have together added a total of 503 spaces to the downtown public parking supply. With respect to the Cinema Place project, in March 2007 the Agency agreed to make a site preparation loan of \$1.5 million. This loan has enabled the developers to secure its primary construction financing and begin construction on this long-awaited project during the past summer. In addition, the Agency has funded environmental remediation activities for the Cinema Place and Parking Garage project, and has a continuing obligation to complete the clearance of the site.

Pursuant to the Implementation Plan, the Agency also funded the preparation of the South Hayward BART/Mission Boulevard Land Use Plan, which was adopted in 2006. During the January 8<sup>th</sup> work session on Redevelopment project priorities, the Agency Board expressed an interest in reconsidering certain elements on this plan. As a result, staff will be returning with recommended funding for this project as part of the upcoming budget process.

The Implementation Plan listed a number of other activities for the Mission-Foothill corridor, totaling \$800,000, which have not yet been undertaken. These include:

- Neighborhood park in the PG&E corridor, south of Orchard Avenue between the BART tracks and O'Neil (\$400,000),
- Revitalization Strategy for North Mission Boulevard (\$150,000)
- Banner program for the Hayward Auto Row (\$50,000), and
- Revitalization strategy for the neighborhood east of Mission Boulevard between Calhoun and Webster Streets (identified in the Implementation Plan with \$200,000 in funding, but proposed for increase to \$1 million on January 8<sup>th</sup>).

During this period, the Agency has also funded a total of \$1,228,000 in activities that were not included in this Implementation Plan, including:

- Downtown Retail Attraction loan program - \$500,000
- Route 238 Corridor Land Use Study (local grant match) - \$25,000

- Historic Preservation Planning Program - \$160,000
- Downtown "Clean and Safe" Effort - \$543,000

With regard to the 20% Low and Moderate Income Housing fund expenditures, the Agency has used its funds to assist with the construction of Sara Connor Court, an award-winning 57-unit family housing development by Eden Housing, Inc. in the southern of the Project Area. In addition, the Agency has assisted Eden Housing with a \$507,000 construction loan for its new 60-unit senior citizens housing development, located at C and Grand Streets in the Burbank neighborhood, adjacent to the Downtown BART station and with a \$250,000 to fund emergency roof repairs to an existing affordable housing development, Villa Springs. Also in 2007, the Agency also loaned \$750,000 to Hayward-Pacific Properties for seismic improvements to The Majestic Apartments (81 units), located on Torrano Avenue. Finally, the Agency-funded First Time Homebuyer Program assisted 10 new buyers during this period, and demand for this program appears to have increased in response to decreased mortgage interest rates.

On January 8, 2008, the City Council held a work session to consider Redevelopment project priorities in light of a prior report regarding Redevelopment Agency finances. During the work session, the City Council/Agency Board reviewed a number of proposed project priorities, some of which were not included in the FY 05 –FY 09 Implementation Plan. Based on the direction received during that work session and the subsequent review of the project proprieties by the Redevelopment Advisory Committee (HRAC), the Agency Board may wish to schedule a formal public hearing to consider amending the Five-Year Implementation Plan by adding some or all of the following projects during the upcoming budget process. What is shown below differs from the projects and amount shown in the January 8<sup>th</sup> report, due to the allocation of funds for the replacement of Centennial Hall as well as the South Hayward BART Plan Update.

<b>PRIORITY</b>	<b>NEW IMPLEMENTATION PROJECTS</b>	<b>SUGGESTED ALLOCATION</b>
PRIMARY	Restaurant/Retail Attraction	1,500,000
	Residual Burbank School Site	200,000
	City Center Redevelopment/Centennial Hall Replacement	1,500,000
	Mayar Properties	8,500,000
	South Hayward BART/Mission Blvd Land Use Plan Update	300,000
	<b>TOTAL ALL PROJECTS</b>	<b>\$12,000,000</b>

### **FISCAL IMPACT**

There is no fiscal impact resulting from this Implementation Plan Review. The Five-Year Implementation Plan is simply that — a planning tool to indicate a proposed direction for the Redevelopment Agency over a five-year period. Annual budget decisions by the Board determine the actual amount allocated to any particular program or project, and the inclusion of an estimated amount in an Implementation Plan does not constitute approval of that amount, nor a legal requirement to undertake the activity.

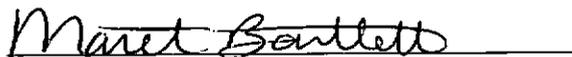
If the Agency Board were to complete the remaining project shown in the current Implementation Plan (\$800,000), plus undertake the new priority projects that were identified during the January 8<sup>th</sup> project priority review at a cost of approximately \$10.5 million there would be approximately \$11.2 million in funding demand over the next two to three years. The Agency Board reviewed the Agency's financial status most recently on January 8, 2008. The report projected that the Agency would have a fund balance approximating \$10.3 million by June 2009, and approximately \$15.8 million by June 2010, assuming sale of the Burbank Residual School site and no significant new operational expenditures. If the Agency repays the City approximately \$800,000 in debt owned for the upcoming fiscal year, the fund balance would be reduced accordingly to approximately \$9.5 million by June 2009. As a result, there is a funding gap of approximately \$1.8 million in projects that could be undertaken in the current Implementation Plan period, and it is likely that some projects will need to be deferred until the following Implementation Plan period.

## **PUBLIC CONTACT**

On January 8, 2008, the City Council/Agency Board held a work session to review and obtain input regarding its future project priorities. The projects and programs under discussion included all of the incomplete projects that are listed in the current Implementation Plan, plus several new projects.

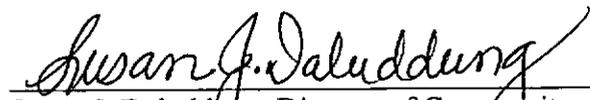
On January 9, 2008, the Hayward Redevelopment Advisory Committee held a meeting and reviewed the proposed project priorities, along with the Five-Year Implementation Plan. The Advisory Board did not take any formal action with respect to the Plan.

Prepared by:



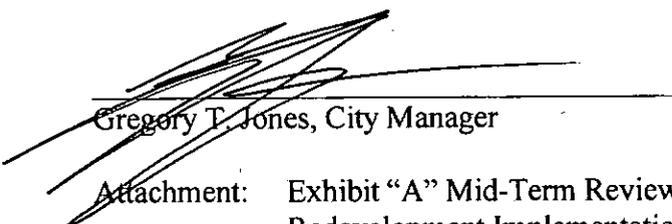
Maret Bartlett, Redevelopment Director

Recommended by:



Susan J. Daludding, Director of Community and Economic Development

Approved by:



Gregory T. Jones, City Manager

Attachment: Exhibit "A" Mid-Term Review of the 2005-2009 Downtown Hayward Redevelopment Implementation Plan

## TABLE OF CONTENTS

### **Part I – Redevelopment Implementation Plan and Associated Programs**

Introduction and Summary	3
Five-Year Implementation Plan Review	4
Redevelopment Program Expenditures	10

### **Part II – Projects Funded with Low and Moderate Income Housing Funds**

Review of Low and Moderate Income Housing Fund Programs and Projects	11
Low and Moderate-Income Housing Fund Expenditures	15

**PART I**  
**REDEVELOPMENT IMPLEMENTATION PLAN**  
**AND**  
**ASSOCIATED PROGRAMS**

**INTRODUCTION**

In accordance with state law, the Hayward Redevelopment Agency (Agency) is required to adopt a Five Year Implementation Plan for its Downtown Hayward Redevelopment Project Area. The Implementation Plan is required to describe the goals and objectives for the Project Area, the specific programs and potential projects for the Project Area, and the estimated expenditures to be made during the five years covered by the Plan. The Implementation Plan is also required to describe how the Agency would implement state requirements related to the provision and preservation of Low and Moderate Income housing. The Implementation Plan for the Downtown Hayward Redevelopment Project Area FY 2004-05 through FY 2008-09 (Attachment 1) was adopted in December 2005.

The Agency must also conduct a public hearing at least once, between the second and third years of the five-year term of the Implementation Plan, for the purpose of reviewing the Redevelopment Plan and the Implementation Plan, and evaluating the progress of the Project Area. The following report is intended to provide such review. First, the report reviews the goals identified in the Implementation Plan(s) within the Project. This is followed by discussion of the Agency's progress towards completing the programs and projects recommended in the Implementation Plan and a review of program expenditures. Part II of this report provides a review of the Agency's programs and activities funded by its Low and Moderate Income Housing Fund.

**SUMMARY**

The Downtown Hayward Redevelopment Project Area consists of the original downtown project area which was adopted in 1975 with a minor addition in 1986 (the Downtown Sub-Area), plus the Burbank-Cannery Sub-Area, located west of the downtown BART Station, which was added in 1998, plus the Mission-Foothill Corridor Sub-Area, added in 2001 (Mission-Foothill Sub-Area). The following report on Implementation Plan activities is organized into these three Sub-Areas.

During the first half of the current Implementation Plan period the Agency has made significant progress in the development of the Cannery area public improvements. The street and parking improvements surrounding the new Burbank School and expanded Cannery Park have been completed. The construction of Burbank School is underway and scheduled to be completed by August 2008. The construction of Cannery Park expansion improvements is well underway and will be completed in the late spring of 2008. In the Downtown area, construction of all planned parking improvements have been completed, and Cinema Place is under construction. Finally, with respect to the Mission/Foothill area, the Agency has completed a land use plan for the south Hayward BART Station area and Mission Boulevard between Harder Road and Industrial

Boulevard. However, there are several other listed activities for the Mission corridor that have not yet been achieved.

With regard to affordable housing activities, the Plan has three primary goals: 1) expand the housing supply (436 units), 2) support homeownership by providing 50 First-Time Homebuyer loans, and 3) develop affordable housing (119 units). Despite the current slow housing market, the Agency is well on the way to achieving its goals, and has already exceeded its affordable housing development goals for this Implementation Plan period.

Finally, during the first half of the Implementation Plan period, several activities have been undertaken or funded, which were not included in the Plan. In addition, the Agency anticipates beginning or considering several new activities during the last two years of the Plan period. These are discussed as "New and Proposed Activities" in the body of this report.

## **FIVE-YEAR IMPLEMENTATION PLAN REVIEW**

The Implementation Plan FY 2004-05 – FY 2008-09 is attached to this report as Attachment 1. This plan projected that a number of projects would be undertaken within the five-year period of the Plan. The current status of these projects is as follows:

### **Downtown Sub-Area – Agency Sponsored Activities:**

- **Cinema Place Development: Under Construction.** In July 2004 the Agency adopted the initial DDA with Blake-Hunt Ventures for this 56,000 square foot retail/theater development. The DDA was amended in May 2005 and amended again in March 2007, at which time the Agency approved funding a \$1.5 million site preparation loan for the project. Construction of the Cinema Place development began in August of 2007. Completion of the shell building is projected to be completed in summer 2008, with the theater open by late fall 2008. Leasing activities are ongoing.
- **Construction of significant downtown parking improvements:**
  - **Cinema Place Muni Parking Garage: Completed in 2007.** Construction on this 244-space parking garage began in 2006, and opened December 2007. Environmental remediation activities are ongoing and may require additional funding. Agency Board members have expressed an interest in adding mural art to the structure.
  - **Municipal Lot 2 Improvements/Expansion: Completed in 2005.** The Agency purchased property on A Street and expanded this lot by 81 spaces and renovated the existing parking lot. The lot has a total of 184 spaces.
  - **City Hall Parking Garage: Completed in 2005.** The Agency funded and the City built an additional level of parking, expanding the structure from 320 spaces to 498 spaces.

**Downtown Sub-Area – Other Activities:** In addition to the Agency activities shown above the Plan indicates a variety of collaborative efforts by the City, other governmental entities, and the private sector to improve and revitalize the community, including:

- **Historic/former City Hall Tot Lot: Completed in 2006.** This very successful project was sponsored and funded by the Hayward Rotary Club.
- **Rehabilitation of Seismically Unsafe Building: Completed in 2006.** In 2005, The Agency initiated eminent domain proceedings against the property located 913 B Street, after years of non-compliance with the City’s Unreinforced Masonry Building Ordinance by the building owner, as well as other health and safety concerns. The eminent domain suit was dismissed after the owner completed the seismic retrofit. The building has still not been renovated for lease. Community Development Block Grants funds were used to pay for the condemnation deposit; these funds were returned to the City’s Block Grant program.
- **Relocation of the Hayward Area Historical Society: Not completed.** The Historical Society is reportedly considering timing for a capital campaign to fund the relocation of their museum.

**Table 1  
Project Cost Estimates - Downtown Area  
Five Year Implementation Plan Period, FY 2005-2009**

Proposed Project	Estimated Cost
Cinema Place (environmental remediation, etc.)	\$100,000
Downtown Parking Improvements	
• Municipal Lot 2 Expansion	\$1,700,000
• Addition to City Hall Parking Garage	\$3,500,000
• Construction of New Garage at Cinema Place	\$5,500,000
	<b>\$10,800,000</b>
<b>Total Estimated Cost</b>	<b>\$10,800,000</b>

**Downtown Sub-Area – New and Proposed Activities:** Since the Implementation Plan was adopted the Agency has undertaken, or proposes to undertake the following new priority activities which are not currently part of the Implementation Plan.

- **Downtown Retail/Restaurant Attraction Program: Underway.** This program was approved and funded in 2006 in the amount of \$500,000 in order to provide loans to chronically vacant buildings in the downtown “core area”. One loan was recently completed (Terriyaki Express), and another is proposed. It is proposed that the program be considered for additional funding in the amount of \$1 million in order to address the more extensive rehabilitation, utility upgrades and tenant improvement needs of key buildings and restaurant businesses. Depending upon property owner interest and cooperation, the Agency may also consider acquiring properties at key downtown locations.

- **Downtown Clean & Safe Activities: Underway.** In December 2007 the Agency appropriated \$543,000 to improve environmental conditions in the downtown area, including lighting, trash/recycling containers, and parking security. In addition, funds were appropriated from the Hayward Business Improvement District and from Community Development Block Grant funds to improve downtown and sidewalk cleanliness. Finally, staff was directed to work with local faith-based organizations to address the needs of the downtown homeless population, including food distribution programs and restroom facilities. Staff has begun this work.
- **City Center Redevelopment: Proposed.** In 2007 the Agency issued a Request for Proposals (RFP) for the redevelopment of the Hayward City Center campus east of Foothill Boulevard, including the privately-owned 11-story office building, Centennial Hall and the City-owned parking structure. The owner of the office building has entered into a contract with the Mika Realty Group for the sale of its property, and Mika has submitted a response to the Agency's RFP indicating its potential interest in acquiring all of the property. The Agency Board is scheduled to consider approval of an Exclusive Negotiating Agreement (ENA) with Mika on January 29, 2008. Funding will be considered as necessary.
- **Relocation of Centennial Hall: Proposed.** The City Council has indicated its interest in relocating Centennial Hall, potentially closer to the BART Station. The City and Agency will assess the feasibility of relocating Centennial Hall concurrently with addressing the feasibility of the proposed City Center redevelopment project. Staff anticipates requesting a funding reserve for this project in the amount of \$1.5 to \$4.5 million as part of the FY 2009 budget.
- **Downtown Plan Update: Proposed.** The City Council has indicated an interest in undertaking an update of the Downtown Core Area Plan in order to include the 238 Corridor Alternative Plans, and to consider the transition between the Core Downtown area and adjacent neighborhoods.
- **Foothill Blocks Rehabilitation/Redevelopment: Proposed.** With the resolution of the Route 238 Alternative Improvements in the downtown area, the potential exists to undertake the rehabilitation or redevelopment of approximately four blocks extending from Maple Court to C Street on both sides of Foothill Boulevard, depending on circumstances. A reasonable funding request for this project is estimated at \$3 to \$4 million. Due to funding and resource limitations, this is a second tier priority.

**Burbank/Cannery – Agency Sponsored Activities:**

- **New Burbank Elementary School: Under Construction.** Pursuant to Cannery Area Design Plan and a Public Facilities Development Agreement (PFDA) entered into between the Agency, the City of Hayward, the Hayward Unified School District (HUSD) and the Hayward Area Recreation District (HARD). The Agency financed the development of the Cannery Area public facilities, including a tax allocation bond issue for approximately \$38 million in 2004 and a second bond issue consisting of \$11 million in bond proceeds in 2006. The Agency also assembled and cleared the necessary

properties by 2006, and managed the state approval process, including environmental clearance with various state agencies in cooperation with HUSD. The City is managing the construction process. The school is scheduled for completion in August 2008.

- **Cannery Park Expansion: Under Construction.** Also, pursuant to the PFDA, the Agency funded the design and construction of the Cannery Park expansion, and managed the acquisition of property for this project. The construction of park improvements is being managed by HARD, and is scheduled for completion in early spring of 2008.
- **Cannery Area Streets and Infrastructure: Completed in 2007.** The Agency funded the design and construction of the streets, parking improvements and installation of infrastructure and utilities surrounding the new school and expanded park prior to the start of construction of the school and park improvements. Construction was substantially completed by the end of 2006.

**Burbank/Cannery - Other Activities:**

- **Promote the Redevelopment of the (Private) Cannery properties: Underway.** The City has approved the construction of 787 new residential units in the former Hunt-Wesson Cannery area, south of the new elementary school, and construction of model units has begun. Timing of completion of this development is subject to market demand.
- **Promote Re-use or Redevelopment of the Owens-Brockway facility on Hathaway for Retail Development: Ongoing.** The Owens-Brockway glass manufacturing plant is now owned by a company who wishes to redevelop the site. Staff is currently in communication with that owner as well as the owner of the adjacent industrial uses regarding how to plan for this area, in an attempt to facilitate coordinated planning efforts for these properties.

**Table 2  
Project Cost Estimates – Burbank/Cannery  
Five Year Implementation Plan Period  
FY 2004-05 – 2008-09**

<b>Proposed Project</b>	<b>Estimated Cost</b>
1. Public Improvements/Infrastructure	\$6,000,000
2. New Burbank Elementary School	\$29,000,000
3. Cannery Park Renovation/Expansion	\$4,000,000
<b>Total Estimated Cost</b>	<b>\$39,000,000</b>

**Burbank/Cannery Sub-Area – New and Proposed Activities:** Since the Implementation Plan was adopted the Agency has undertaken, or proposes to undertake the following new priority activities which are not currently part of the Implementation Plan.

- **C Street Landscaping: Proposed.** This proposed project would involve the reconstruction of the sidewalks, sidewalk landscape strips, curb and gutter and a potential bike lane along both sides of C Street between Grand and Filbert Streets in order to

narrow the street and introduce landscaping to this area. An order of magnitude funding level for this project is \$ 2 million. This is a second tier priority.

**Mission/Foothill – Agency Sponsored Activities:**

- **Concept plan for the South Hayward BART Station Area/Mission Boulevard: Completed 2006, and Proposed for Reconsideration.** This concept plan extends along Mission Boulevard from Harder Road to Industrial Boulevard, including the South Hayward BART Station. Zoning and General Plan amendments were processed to reflect the adopted Plan. The City Council has expressed an interest in re-considering this Plan; funding for this work will be considered with the upcoming FY 2008-09 budget.
- **Revitalization Strategy for the North Mission Boulevard Commercial Corridor: Not Complete.** This strategy is intended to be coordinated with the Alameda County Redevelopment plan. Alameda County expects to undertake construction of their streetscape improvements for Mission Boulevard in the Ashland/Cherryland corridor in a three to five year timeframe.
- **Banner program for Mission Boulevard/Hayward Auto Row: Not Complete.** This project was identified as a “first step” program to help create identity and focus for the Hayward Auto Row dealers. Initially, the banner program was to be coordinated with the Route 238 improvements. However, because the Route 238 improvements are now expected to be constructed in the 2010-2012 timeframe, it is proposed that the Agency assist the dealers to install coordinated but individually designed banners along their property street frontages in the interim. A funding request for this program will be brought to the Agency Board in the first half of 2008.
- **Neighborhood Park in PG&E Corridor – Orchard/O’Neil (Eden Greenway): Not Complete.** This project is intended to help bring open space to a neighborhood that is lacking in park space, and would be located in the PG&E-owned high-tension power line corridor that runs east/west through Hayward, and has been designated as the Eden Greenway.
- **Revitalization Strategies for Selected Neighborhoods (Calhoun/Webster east of Mission Boulevard): Not Complete.** This project is intended to develop a plan to revitalize selected older neighborhoods in the Mission/Foothill Sub-Area, which may be in need of infrastructure improvements such as installation of curb, gutter and sidewalks, housing rehabilitation and landscape beautification. This project has funding of \$200,000 associated with it, however, it has been suggested that funding levels be increased to \$1,000,000.

**Table 3**

**Project Cost Estimates – Mission/Foothill  
Five Year Implementation Plan Period, FY 2005-2009**

<b>Proposed Project</b>	<b>Estimated Cost</b>
1. Prepare concept plan for South Hayward BART area	\$290,000
2. Revitalization strategy for North Mission Commercial Area	\$150,000
3. Banner program for historic Auto Row	\$50,000
4. Neighborhood park south of Orchard and west of O'Neil	\$400,000
5. Revitalization strategy for older neighborhoods and initiation programs	\$200,000
<b>Total Estimated Cost</b>	<b>\$1,090,000</b>

**Mission/Foothill Sub-Area – New and Proposed Activities:** Since the Implementation Plan was adopted the Agency has undertaken, or proposes to undertake the following new priority activities which are not currently part of the Implementation Plan.

- **Mayar Properties Redevelopment: Proposed.** This potential project would involve the acquisition, clearance and redevelopment of eight properties on the west side of Mission Boulevard between Pinedale Court and Sycamore Avenue. The Agency Board has indicated an interest in pursuing this activity in the immediate future and staff will proceed to further assess project cost and feasibility, and some funding may be requested in the first half of 2008. An estimate of the cost to acquire and clear the entire site would be roughly \$8 to \$9 million.
- **South Hayward BART Plan Implementation: Proposed.** The South Hayward BART Plan includes several properties that present near-term opportunities for redevelopment. One of these, the Holiday Bowl property, has been vacant for several years, and the Agency Board has expressed an interest in seeing commercial redevelopment on this site. Redevelopment of this site, including potential Agency assistance as needed, would be dependent upon the process for reconsideration of the South Hayward BART Plan.

## REDEVELOPMENT PROGRAM EXPENDITURES

The following expenditures have been made by the Agency in connection with meeting its Implementation Plan goals to date:

**Table 4**  
**Five Year Implementation Plan Expenditures to Date FY 2005-2007**  
**(in thousands)**

Project	Downtown		Burbank Cannery		Mission Foothill		Total	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
<b>Economic Development</b>								
• Cinema Place	\$100	\$689					\$100	\$689
• South Hayward BART Plan					\$290	\$340	\$290	\$340
• Revitalization Programs/ Downtown Retail Attraction	\$0	\$550			\$350	\$0	\$350	\$550
• Auto Row Banners					\$50	\$0	\$50	\$0
<i>Subtotal - Economic Development</i>	<i>\$100</i>	<i>\$1,239</i>			<i>\$640</i>	<i>\$340</i>	<i>\$790</i>	<i>\$1,579</i>
<b>Public Improvements</b>								
• Burbank Elementary School			\$29,000	\$10,255			\$29,000	\$10,255
• Public Infrastructure			\$6,000	\$4,294			\$6,000	\$4,294
• Cannery Park			\$4,000	\$1,067			\$4,000	\$1,067
• Parking Facilities								
- Muni Lot Two	\$1,700	\$1,700					\$1,700	\$1,700
- City Hall	\$3,500	\$3,500					\$3,500	\$3,500
Structure Cinema Place	\$5,500	\$6,338					\$5,500	\$6,338
Neighborhood Park					\$400	\$0	\$400	\$0
<i>Subtotal - Public Improvements</i>	<i>\$10,700</i>	<i>\$11,538</i>	<i>\$39,000</i>	<i>\$15,616</i>	<i>\$400</i>	<i>\$0</i>	<i>\$49,700</i>	<i>\$27,154</i>
<b>Grand Total</b>	<b>\$10,800</b>	<b>\$12,777</b>	<b>\$39,000</b>	<b>\$15,616</b>	<b>\$1,040</b>	<b>\$340</b>	<b>\$50,490</b>	<b>\$28,733</b>
Percent of Total	21%	44%	77%	54%	2%	1%	100%	100%

Actual expenditures at the mid-term of this Implementation Plan period reflect the fact that parking projects are largely completed in the Downtown Sub-Area, whereas the major improvements in the Burbank/Cannery Sub-Area only began construction in 2007. Expenditures related to the Burbank/Cannery Sub-Area will be major in FY 08, and funding of new efforts in the Mission-Foothill Sub-Area is anticipated to pick up in the last FY 08 and 09.

**PART II  
PROJECTS FUNDED WITH  
LOW AND MODERATE INCOME HOUSING FUNDS**

**REVIEW OF LOW AND MODERATE INCOME HOUSING FUND PROGRAMS AND PROJECTS**

**Affordable Housing Production Requirement:**

As noted in the Implementation Plan, the Agency is required per state law to ensure that 15% of all residential units that are produced by entities other than the Redevelopment Agency are made affordable to low and moderate-income households. The Implementation Plan projected that approximately 960 new housing units would be constructed in the Redevelopment Project Area during the period from FY 05 through FY 09. The following compares this projection with the actual production of housing in the Project Area.

**Table 5  
Projected Residential Development Activity FY 2005-2009**

	2004-2005 (completed)	2005- 2006	2006- 2007	2007- 2008	2008- 2009 <sup>1</sup>	TOTAL
<b>PLAN – PROJECTED DEVELOPMENT</b>	71	57	105	11	715	960
<b>COMPLETED</b>						
Renaissance Walk	46					46
Studio Walk	61					61
Grand Terrace	120					120
Sara Conner Court		57				57
Smaller Projectes		44				44
<b>Sub-Total Completed</b>	<b>227</b>	<b>101</b>	<b>0</b>			<b>328</b>
<b>UNDERWAY</b>						
Cannery Place (628)					20	20
C & Grand Senior (60)				60		60
Cross Creek (112)				9	51	60
<b>Sub-Total Underway</b>				<b>69</b>	<b>71</b>	<b>140</b>
<b>REVISED PROJECTED DEVELOPMENT</b>	<b>227</b>	<b>101</b>	<b>0</b>	<b>69</b>	<b>71</b>	<b>468</b>

As shown above, during FY 05 and FY 06, a total of 328 new units were constructed. However, due to the recent housing sales slow down, no new units were completed in the Redevelopment Area in FY 07. Over 1,000 units are approved or under construction in the

Burbank/Cannery area. However, at present, staff is projecting that only about 140 of them will be completed and sold within the next 1 ½ years. Based on the number of units completed, as well as the revised projected completions, the Agency's 15% Affordable Housing Production requirement is as follows:

**Table 6**  
**Affordable Housing Production Requirements and Planned Development, FY 2005-2009**

	Planned Total Units	Planned Market Rate Units	Planned Affordable Units	Required Affordable Units (15% of Total)	Projected Surplus Affordable Units *
<b>PLAN PROJECTED DEVELOPMENT (2005)</b>	960	780	180	144	30
<b>REVISED PROJECTED DEVELOPMENT (2008)</b>	468	331	137	71	60

*Source: City of Hayward Neighborhood and Economic Development Division.*

*\* The projected surplus of 30 affordable units accounts for the six unit deficit from the previous Implementation Plan.*

The following table provides additional detail about the specific amount of units affordable to very low, low and moderate-income households that will be created.

**Table 7**  
**Projected Very Low & Low and Moderate-Income Production Requirements**  
**FY 2005-2009**

	Very Low-Income Units			Low and Moderate-Income Units		
	Required	Created or Planned	Balance	Required	Created or Planned	Balance
<b>PROJECTED 2005</b>	57	79	22	87	101	14
<b>PROJECTED 2008</b>	28	115	87	43	22	(27)

*Source: City of Hayward Neighborhood and Economic Development Division*

As shown above, the Agency is currently projected to have a credit of 60 affordable housing units pursuant to its production requirement during this period. This credit roughly corresponds to the C & Grand Senior Housing development which is being built in large part to fulfill the affordable housing production obligation that will be created when Cannery Place is built out. This credit is anticipated to be absorbed during the next Implementation Plan period as the 800 to 1,000 new units in the Burbank/Cannery Area are built and sold. In addition, both Cannery Place and the Burbank Residual School site will include some moderate-income for sale units in their developments, however, Cross Creek will be an entirely market-rate development.

### **Replacement Housing Requirement:**

Under redevelopment law, the Agency is required to replace any units that are removed as a result of Agency activity, if those units were occupied by low to moderate- income households. At least 75 % of those units must be affordable to households in the same income range as the households that previously occupied the destroyed homes that were removed. The units can be located anywhere in the City of Hayward. Over the past 12 years, the Agency has removed 10 units that were previously occupied by low to moderate-income households for three projects. It should be noted that all occupants of these units were relocated in accordance with State relocation guidelines, and several of them purchased homes in Hayward or nearby with Agency relocation funds.

During the 1999-2003 Implementation Plan period the Agency moved the Newman Towers from the Albertson's site. Two of these units were occupied by lower income households. Replacement units for the units removed for this project were designated in the Glen Berry development.

During the current Implementation Plan period, eight units were removed for the new Burbank school project, and of these units, four were occupied by moderate income households and need to be replaced. The Replacement Housing Plan adopted at the time indicated that four units in the Renaissance Walk development would serve as the required replacement dwelling units. Finally, the Site Four/Renaissance Walk development itself originally held four units occupied by low to very-low-income households. The Sara Conner Court development was designated as the replacement site for these units.

### **Affordable Housing Programs:**

The FY 2005-09 Implementation Plan stated that the Agency would undertake two programs to fulfill its affordable housing requirements, which are:

- Where appropriate, provide assistance to developers creating long-term affordable rental and ownership housing, and
- Provide assistance to low and moderate-income first-time homebuyers.

The Agency's housing goals are consistent with the following goals stated in the City of Hayward Housing Element:

1. Expand the Housing Supply
2. Support Homeownership
3. Develop Affordable Housing

### Assistance to Developers Creating Long-Term Affordable Rental and Ownership Housing

During the current Implementation Plan, the Agency has directly assisted the following Affordable Housing Developments:

- *Renaissance Walk*: This 46-unit new development includes 24 market-rate condominium units and 22 condominium units that were sold at an affordable price to moderate-income households and are re-sale restricted to moderate income households for a period of 45 years. The Agency assisted this Development by providing a land price subsidy to the developer during the previous Implementation Plan period. This development also allowed the Agency to achieve goals to promote revitalization of the downtown and transit-oriented development.
- *Sara Conner Court*: This 57-unit new development includes 56 family rental units affordable to low and very-low income households. The Agency assisted this development with total funding in the amount of approximately \$1,965,000.
- *C & Grand Senior Housing*: This 60-unit development under construction includes 59 units affordable to very-low income senior citizens. The Agency assisted this development with a loan in the amount of \$507,000. Construction is estimated to be completed in June 2008.
- *Villa Springs*: The Agency assisted in providing repairs to this older 66-unit rental housing development with a loan of \$250,000. The loan will help enable the owner of this development, Eden Housing, to re-finance this development and extend the affordability terms. Currently 51 of the 66 units are restricted to low income households.
- *The Majestic Apartments*: This 81-unit development has 80 units of housing affordable to low and very-low income households. The City approved mortgage revenue bond financing, and the Agency funded a loan of \$750,000 to fund seismic repairs in 2007.

In addition to the above, Agency and City staff are working with developers to create additional affordable for-sale housing through the implementation of the City's Inclusionary Housing Ordinance, and through federal funding sources as follows:

- *Garden Walk*: A new 56-unit town home development with 8 moderate-income restricted for-sale units.
- *Eden Shores*: A new 122-unit town home tract with 40 units of moderate-income restricted for-sale units.
- *Saklan Family Housing/Walker Landing*: A new 78-unit affordable rental housing development, which the City sponsored with the issuance of mortgage revenue bonds.
- *Huntwood Commons*: A 40-unit existing affordable rental housing development; the City approved an \$840,000 loan of HOME funds, and a \$175,000 Workforce Housing grant for renovations.
- *Cypress Glen* – A 54-unit existing rental development for which the City approved a \$200,000 loan of HOME funds to enable the re-financing and extension of affordability terms.

Assistance to low and moderate-income first-time homebuyers

The Implementation Plan indicated a goal of providing 10 first-time homebuyer loans to moderate-income households during this five-year period. Due to very low interest rates and attractive mortgage products readily available up until mid-2007, as well as due to rapidly escalating home prices, the Agency-funded First Time Homebuyer program was not in demand as much as in previous years. In FY 2005, the program funded one loan, in FY 2006 the program funded five loans and in FY 2007 the program funded four loans. In FY 2008, the program has closed four loans to date, with one more in progress. Staff plans to evaluate the funding parameters of this program in the current fiscal year.

**LOW AND MODERATE-INCOME HOUSING FUND EXPENDITURES**

The 2005-2009 Implementation Plan indicated that the Redevelopment Project Area would generate a total of approximately \$9.35 million during the Plan Period. During the past three fiscal years, the Agency has actually generated a total of approximately \$8.48 million, of which approximately \$2 million was sales proceeds for the Renaissance Walk site.

The Implementation Plan further assumed that the Agency would expend the following amounts to achieve its three goals as follows:

**Table 8  
Estimated LMIHF Expenditures<sup>2</sup> and  
Affordable Housing Production Goals FY 2005-2009**

Housing Goal	Year					TOTAL
	2004-05	2005-06	2006-07	2007-08	2008-09	
Expand The Housing Supply	205		105		160 <sup>3</sup>	436
LMIHFs Expended					\$3,190,000	\$3,190,000
<b>Support Homeownership</b>						
Support Homeownership	10	10	10	10	10	50 <sup>4</sup>
LMIHFs Expended	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
<b>Develop Affordable Housing</b>						
Develop Affordable Housing	22	57			40 <sup>5</sup>	119
LMIHFs Expended		\$1,750,000	\$400,000		\$3,190,000	\$5,090,000

Source: City of Hayward Redevelopment Agency

<sup>2</sup> Estimated expenditures do not include annual administration expenses.

<sup>3</sup> Units will be made affordable to Low and Moderate-Income households.

<sup>4</sup> Total households assisted.

<sup>5</sup> Units will be made affordable to Very Low-Income households.

To date, expenditures for Low and Moderate Income housing activities have been as follows:

**Table 9**  
**Revised Projected LMIHF Expenditures<sup>6</sup> and**  
**Affordable Housing Production Goals FY 2005-2009**

Housing Goal	Year					TOTAL
	2004-05	2005-06	2006-07	2007-08	2008-09	
Expand The Housing Supply	205	45	0	10	71	331
LMIHFs Expended						
Support Homeownership	1	5	4	5	10	50
LMIHFs Expended	\$20,000	\$97,000	\$80,000	\$20,000	\$200,000	\$417,000
Develop Affordable Housing	22	56		59		137
LMIHFs Expended (Sara Conner, C & Grand Villa Springs and The Majestic)	\$1,200,000	\$600,000	\$922,000	750,000	0	\$3,472,000

Source: City of Hayward Redevelopment Agency

Actual expenditures from the Low and Moderate Income Housing fund to date reflect a gradual draw down of funds for the completion of the Sara Conner housing development as well as the funding of the C & Grand Senior Housing project, which was not anticipated at the outset of the Implementation Plan period. The Implementation Plan projected that approximately \$3.2 million would be spent in the last year of the Plan for required Cannery Area affordable housing development. While funds may be requested in the upcoming year for affordable housing development, no new major affordable housing developments requiring funding are currently proposed.

Attachment 1

**IMPLEMENTATION PLAN**

**FOR THE**

**HAYWARD REDEVELOPMENT**

**PROJECT AREA**

**FY 2004-05 – FY 2008-09**

December 2005

# TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	BACKGROUND	2
	A. Project Area Description	2
	B. Prior Accomplishments	2
III.	GOALS AND OBJECTIVES OF THE REDEVELOPMENT PLAN	6
IV.	NON-HOUSING REDEVELOPMENT ACTIVITIES	7
	A. Blighting Conditions Which Will Be Alleviated by Redevelopment	8
	B. Agency Non-Housing Activities Over the Five Year Planning Period	9
	C. Projected Five Year Implementation Plan Revenues and Expenditures	12
	D. Relationship Between Revenues and Expenditures by Sub-area	14
	E. Relationship Between Projects and Blighting Conditions	14
V.	AFORDABLE HOUSING ACTIVITIES	16
	A. State Redevelopment Law Requirements	16
	B. Revenues and Expenditures	20
	C. Affordable Housing Production Obligation	20
	D. Affordable Housing Production Goals, Objectives and Programs	22
	E. Annual Housing Production Activities FY 2005-09	24
VI.	TABLES	
	A. Prior Implementation Plan Period Non-Housing Revenues	4
	B. Prior Implementation Plan Period Non-Housing Expenditures	5
	C. Table 1: Project Cost Estimates – Downtown Area	10
	D. Table 2: Project Cost Estimates – Burbank/Cannery Area	11
	E. Table 3: Project Cost Estimates – Mission/Foothill	11
	F. Table 4: Projected Non-Housing Revenues	12
	G. Table 5: Projected Non-Housing Expenditures	13
	H. Table 6: Projected Affordable Housing Cost Defined	18
	I. Table 7: 2005 Affordable Monthly Housing Cost for Rental Units	19
	J. Table 8: 2005 Income Levels and Affordable Monthly Housing Cost for Ownership Units	19
	K. Table 9: Projected Low and Moderate-Income Housing Fund Deposits 2005-2009	20
	L. Table 10: Completed Residential Development Activity	20
	M. Table 11: Projected Residential Development Activity FY 2005-09	21
	N. Table 12: Affordable Housing Production Requirements and Planned Development, FY 2005-2009	21
	O. Table 13: Projected Very Low and Low and Moderate- Income Production Requirements FY 2005-2009	21
	P. Table 14: Estimated LMIHF Expenditures and Affordable Housing Production Goals FY 2005-2009	25

# IMPLEMENTATION PLAN 2005 - 2009

## INTRODUCTION

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

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

The Agency adopted its most recent Implementation Plan (1999-2003) on October 27, 1998, and performed the mid-term review of the plan in 2001. The existing Implementation Plan that was adopted in 1998 coincided with the addition of the Burbank-Cannery Area to the Project Area, while the 2001 review of the Implementation Plan coincided with the addition of the Mission-Foothill Amendment Area. In both cases, the Implementation Plan was modified to reflect the changes to the Project Area and to present a comprehensive and coordinated program for the Project Area as amended. The new Implementation Plan set forth herein will replace in its entirety the previous Implementation Plan for Hayward's Redevelopment Project Area.

### **Time Period Covered by the Implementation Plan**

The planning period specifically covered by this Implementation Plan is the five year period from Fiscal Year 2004-05 through Fiscal Year 2008-09. In addition, information for later years is provided in the housing portion of the Implementation Plan, as required by the CRL. The affordable housing production plan contained in Section D below covers the five year period from FY 2004-05 – FY 2008-09, the ten year period through FY 2013-14, and a third period from FY 2014-15 through the end of the Redevelopment Plan.

### **Purpose of the Implementation Plan**

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

consistent with the purpose and intended effect articulated in this Implementation Plan, an amendment to this Implementation Plan will not be required.

This Implementation Plan is organized as follows:

- A. Background Information Regarding the Hayward Redevelopment Project Area ("Project Area").
- B. Goals and objectives of the Redevelopment Plan.
- C. Five year program for non-housing redevelopment activities, including the expenditures that the Agency intends to make for non-housing activities during the FY 2004-05 – FY 2008-09 Implementation Plan period.
- D. Affordable housing activities, including affordable housing production obligations, housing programs, housing set-aside revenues and expenditures, and five year annual projection goals.

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

## **A. BACKGROUND**

### **1. Project Area Description**

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

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

### **2. Prior Accomplishments**

1999-2003

There was a significant amount of activity in the Project Area during the five year period covered by the 1999-2003 Implementation Plan<sup>2</sup>. A summary of the major Agency activities and accomplishments for each of the sub-areas is presented below.

---

<sup>1</sup> Includes the original Downtown Project Area, plus the 1987 annex.

<sup>2</sup> The previous Implementation Plan was based on calendar years 1999-2003. The current Plan uses fiscal years in order to conform better with other City and Agency planning documents and processes.

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

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

Albertson's/Sav-on Supermarket. In November 2001, construction was completed on this approximately 62,000 square foot food and drug supermarket. An additional approximately 18,000 square feet of retail space is located on B Street and at the corner of A Street and Mission Boulevard. This supermarket is located within walking distance of the BART station as well as several new residential developments.

City Walk Condominiums. Construction of this 77-unit "row house" community, located at the corner of C Street and Watkins Street next to City Hall and within walking distance of the Hayward BART station and the downtown shopping district, was completed in 2003 and all of the units are occupied.

Downtown Sidewalk Rehabilitation Project. This public improvement project consisted of the rebuilding and replacement of downtown sidewalks and the installation of street furniture and other design improvement to encourage pedestrian travel. The project was completed at the end of 2003.

***Burbank-Cannery.*** This area consists of approximately 370 acres and is located primarily in the Burbank neighborhood just west of Downtown. This area includes the former Hunt-Wesson Cannery, which ceased operations in 2001.

Also in 2001, the City adopted the Cannery Area Design Plan in order to plan for the orderly transformation of the older industrial uses in that area. In developing the plan, numerous meetings and discussions were held in order to gain input from the public, affected property owners, the Hayward Area Recreation and Park District (HARD) and the Hayward Unified School District (HUSD). The focus of the plan for this expansion area is the redevelopment of approximately 55 acres which will include 630-775 housing units, including a variety of housing products, and including both market rate and affordable housing.

Successful implementation of the Cannery Plan is expected to require significant public and private investment, including construction of a new school to replace the existing Burbank Elementary School, and an expansion of the existing Cannery Park. These two projects, along with the provision of backbone infrastructure such as water, sewer, and streets/circulation improvements, will be financed by the Agency via long-term financing as discussed in Section C below.

A privately developed residential project, the Amador Village Condominiums, was completed during the term of the previous Implementation Plan period. This 155-unit residential rental condominium development was completed in 2000 and is within walking distance of the Hayward BART Station.

**Mission/Foothill.** This area consists of the entire length of Mission and Foothill Boulevards within the City of Hayward.<sup>3</sup> The June 2001 Mid-Term Review of the Agency's Five Year Implementation Plan was adopted in conjunction with the adoption of this expansion area. This plan proposes revitalization strategies for selected older neighborhoods, including the development and installation of landscaped gateway and entryway treatments; housing rehabilitation and development of transit-oriented housing; preservation and enhancement of the Mission Boulevard "Auto Row"; establishment of a streetscape program to improve pedestrian amenities, public parking and transit; development and expansion of open space, cultural and community facilities; and the revitalization of the north Mission Boulevard Commercial Corridor.

**1998-1993 Implementation Plan Period: Agency Non-Housing Revenues and Expenditures by Sub-Area**

The following tables indicate the Agency's Non-Housing revenues and expenditures by Sub-Area. The Agency may legally spend its revenues anywhere within the Project Area, however, the Burbank-Cannery sub-area and the Mission-Foothill sub-area are significant additions to the Original Downtown Redevelopment Project with distinct revitalization needs. As a result, an effort will be made to ensure that expenditures in each sub-area will be approximately equivalent to the revenues generated from each sub-area over the life of the Project Area. The reporting prepared below are for non-housing revenues only. Under state law, the Agency is able to spend its affordable housing funds where they can be best used on a City-wide basis. In prior years, for example, a significant portion of the Agency's housing funds were spent on the City-wide First Time Buyer program.

**Prior Implementation Plan Period Non-Housing Revenues**

Fiscal Year	Downtown/ 1987 Area	Burbank/ Cannery	Mission/ Foothill	Other Revenue	Total
1998-99	1,898,983				1,898,983
1999-00	1,923,951			1,507,516	3,431,467
2000-01	2,079,561			3,670,382	5,749,943
2001-02	2,147,427	835,111		324,592	3,307,130
2002-03	2,454,434	1,063,588	572,701	328,525	4,419,248
2003-04	2,700,998	1,227,727	982,181	235,849	5,146,755
<b>Total</b>	<b>\$13,205,354</b>	<b>\$3,126,426</b>	<b>\$1,554,882</b>	<b>\$6,066,864</b>	<b>\$23,953,526</b>
<b>% Total</b>	<b>55%</b>	<b>13%</b>	<b>6%</b>	<b>25%</b>	<b>100%</b>

Source: Redevelopment Agency Financial Statements, and Annual Tax Increment Statements

<sup>3</sup> A portion of the Mission/Foothill corridor was included within the original Downtown Project Area.

**Prior Implementation Plan Period Non-Housing Expenditures**

Fiscal Year	Downtown/ 1987 Area	Burbank/ Cannery	Mission/ Foothill	Debt	ERAF/ Pass Thru's	Admin	Total Expenditures
1998-99	3,411,590	89,074		525,950		290,052	4,316,666
1999-00	4,691,914			783,441		264,709	5,740,064
2000-01	617,210		227,018	707,773		550,877	2,102,878
2001-02	788,205	320,336		416,382		679,919	2,204,842
2002-03	2,350,000	172,835		344,397	275,333	765,722	3,908,287
2003-04	576,580			338,755	573,688	832,933	2,321,956
<b>Total</b>	<b>\$12,435,499</b>	<b>\$582,245</b>	<b>\$227,018</b>	<b>\$3,116,698</b>	<b>\$849,021</b>	<b>\$3,384,212</b>	<b>\$20,594,693</b>
<b>%Total</b>	<b>60%</b>	<b>3%</b>	<b>1%</b>	<b>15%</b>	<b>4%</b>	<b>16%</b>	<b>100%</b>

Source: Redevelopment Agency Financial Statements

Major non-housing expenditures during the prior Implementation Plan period were concerned with the assembly and development of Site Two (City Walk, and City Hall surroundings), Site Three – municipal garage and retail, the Albertsons project (fully reimbursed), the downtown sidewalk reconstruction, and the purchase of the B & Foothill site. There were additional expenditures in the Mission sub-area for plan amendment costs, and in the Cannery area for both planning purposes and land acquisition purposes. Land acquisition costs incurred by the Agency are reported separately in the Agency Financial Statements as increases to assets and liabilities on its balance sheet.

**Fiscal Year 2004-05**

A number of significant projects were completed or initiated in the Project Area during the recently concluded fiscal year. These recent accomplishments, including both Agency-assisted and private (non-Agency) projects, are described below.

Renaissance Walk Condominiums (Downtown Area). This Agency sponsored project includes 46 condominiums developed as a series of four-plex, tri-plex and duplex buildings by the Olson Company. Occupancy in 22 of the units is restricted by income and were sold as BMR units, while the remaining 24 units were sold at market rates. The Agency assembled and cleared this 17 parcel, 2 acre property and wrote the land cost down for the developer. This development was completed and all units sold by June 2005.

Hayward Cinema Place (Downtown Area). In 2003, the Agency acquired the former Albertson's market located at the corner of B Street and Foothill Boulevard. The Agency entered into a DDA with Blake Hunt Ventures in 2004, which was subsequently amended in 2005. The DDA calls for the ground lease of a portion of this property to the developer, and the building of a retail complex which will include a 12-screen theater plus additional restaurant and retail space, and for the Agency to develop a three-level garage with 241 spaces. Construction activities are expected to start in 2006.

Studio Walk (Downtown Area). This privately developed project consists of 70 condominium units located on Atherton Street. Construction of this development by Ryland Homes was completed in December 2004.

Grand Terrace Townhomes (Burbank-Cannery Area). This privately developed "row house" community within walking distance of the Hayward BART station, City Hall and the downtown shopping district was developed by the Pulte Company. The first phase of 161 units was completed and all units were sold by June 2004, and phase two, consisting of 74 units, was completed and sold in December 2004.

Auto Dealerships (Mission/Foothill). To date, private construction of an approximately 22,000 square foot Volkswagen dealership and an approximately 8,000 square foot Honda dealership expansion project have been completed. The Agency assisted the owners of Hayward Honda in their efforts to clear their site. In addition, the South Hayward BART/Mission Boulevard Concept Plan was initiated in 2004, and is expected to be adopted in early 2006.

## **B. GOALS AND OBJECTIVES OF THE REDEVELOPMENT PLAN**

The central goal of the Redevelopment Plan is to:

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

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

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

The goals listed above emphasize the elimination of blighting conditions and constraints that interfere with successful revitalization and development of the Project Area. In

addition to these goals, the Agency has identified the following specific objectives for each of the two new sub-areas:

#### Burbank-Cannery

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

#### Mission-Foothill

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

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

### **C. NON-HOUSING REDEVELOPMENT ACTIVITIES**

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

1. Blighting Conditions Which Will Be Alleviated by Redevelopment
2. Agency Non-Housing Activities and Costs over the Five Year Planning Period

3. Projected Five Year Implementation Plan Revenues and Expenditures
4. Relationship Between Projects and Blighting Conditions

## **1. Blighting Conditions Which Will Be Alleviated by Redevelopment**

The Implementation Plan must provide an explanation of how the goals, objectives, programs and expenditures of the next five years will serve to eliminate blight in the Project Area. As background, it is first useful to summarize the blighting influences that affect the Project Area.

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

### Downtown Area

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

### Burbank-Cannery

- Poorly maintained, deteriorated residences
- Deteriorated and dilapidated industrial buildings and outbuildings
- Back lot developments that appear to be overcrowded
- Incompatible uses or impaired investments
- Substandard lots
- Presence of hazardous materials
- Vacant or underutilized land

### Mission-Foothill

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

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

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

### *Downtown*

#### Agency-sponsored Activities

1. Participate in the development of Cinema Place, an entertainment-oriented development located at the southwest corner of B Street and Foothill Blvd. The proposed project includes a multi-screen movie theater, parking garage, and ancillary retail and restaurant uses.
2. Construction of significant downtown parking improvements, including:
  - Construction of municipal parking in conjunction with the cinema project;
  - Municipal Lot 2 Improvements/Expansion (completed in June 2005).
  - An additional level of parking to the parking structure across from City Hall  
(completed in June 2005)

#### Other Activities

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

- Development of a Tot Lot at the site of the Historic former City Hall;
- Rehabilitation of seismically unsafe building(s);
- Relocation of the Hayward Area Historical Society to a new downtown location.

**Table 1**  
**Project Cost Estimates - Downtown Area**  
**Five Year Implementation Plan Period, FY 2005-2009**  
**(in thousands)**

Proposed Project	Estimated Cost
Cinema Place (environmental remediation, etc.)	\$100
Downtown Parking Improvements	
• Municipal Lot 2 Expansion (completed in FY 2004-05)	\$1,700
• Addition to City Hall Parking Garage (completed in FY 2004-05)	\$3,500
• Construction of New Garage at C & Foothill (Cinema Place)	\$5,500
<b>Total Estimated Cost</b>	<b>\$10,800</b>

***Burbank/Cannery***

Agency-Sponsored Activities

1. Construction of a new Burbank Elementary School in conjunction with Hayward Unified School District.
2. Redesign and expansion of Cannery Park in conjunction with Hayward Area Recreation District.
3. Installation of public streets and backbone infrastructure surrounding the proposed new elementary school and Cannery Park, including water, sewer, parking improvements, and gateway landscaping.

Other Activities

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

1. Promote the Redevelopment of the Cannery properties south of Burbank Elementary School
2. Promote the re-use or redevelopment of the Owens-Brockway glass manufacturing facility on Hathaway for the retail development.

**Table 2**  
**Project Cost Estimates – Burbank/Cannery**  
**Five Year Implementation Plan Period**  
**FY 2004-05 – 2008-09**  
**(in thousands)**

<b>Proposed Project</b>	<b>Estimated Cost</b>
1. Public Improvements/Infrastructure	\$6,000
2. New Burbank Elementary School	\$29,000
3. Cannery Park Renovation/Expansion	\$4,000
<b>Total Estimated Cost</b>	<b>\$39,000</b>

***Mission/Foothill***

Agency-Sponsored Activities

1. Complete a concept plan for the South Hayward BART Station area that extends along Mission Boulevard from Harder Road to the Mission-Industrial intersection.
2. Develop a revitalization strategy for the North Mission Boulevard commercial corridor that is coordinated with the Alameda County redevelopment plan.
3. Develop a unique, high visibility banner program for Mission Boulevard to create identity and focus for the historic Hayward Auto Row.
4. Facilitate creation of a neighborhood park in the P.G. & E. corridor south of Orchard between the BART tracks and O'Neil.
5. Develop revitalization strategies for selected older neighborhoods, such as the area between Mission, East 16th, Calhoun and Webster in the Mission-Garin neighborhood. Activities could include infrastructure improvements such as installation of curb, gutter and sidewalk; housing rehabilitation; and landscape beautification.

**Table 3**  
**Project Cost Estimates – Mission/Foothill**  
**Five Year Implementation Plan Period, FY 2005-2009**  
**(in thousands)**

<b>Proposed Project</b>	<b>Estimated Cost</b>
1. Prepare concept plan for South Hayward BART area	\$290
2. Revitalization strategy for North Mission Commercial Area	\$150
3. Banner program for historic Auto Row	\$50
4. Neighborhood park south of Orchard and west of O'Neil	\$400
5. Revitalization strategy for older neighborhoods and initiation programs	\$200
<b>Total Estimated Cost</b>	<b>\$1,090</b>

### 3. Projected Five Year Implementation Plan Revenues and Expenditures

#### a) Projected Revenues

As shown in Table 4 below, the total tax increment funding available in the Project Area for non-housing administration, debt service, and pay-as-you go projects during the five year Implementation Plan period is projected to be approximately \$32 million, or about \$6.4 million per year on average. These amounts are net of the 20% affordable housing set-aside funds as well as the statutory pass through payments to other taxing entities. Table 4 shows the projected tax increment revenues by sub-area for the five year Implementation Plan period.

**Table 4**  
**Projected Non-Housing Revenues**  
**Five Year Implementation Plan Period, FY 2005-2009**  
**(000s omitted)**

Year	Downtown	Burbank / Cannery	Mission / Foothill	Total
2004/05	\$3,152	\$1,464	\$1,013	\$5,629*
2005/06	\$3,209	\$1,792	\$1,168	\$6,169
2006/07	\$3,346	\$1,935	\$1,345	\$6,626
2007/08	\$3,457	\$2,081	\$1,498	\$7,036
2008/09	\$3,571	\$2,235	\$1,658	\$7,464
<b>Total</b>	<b>\$16,248</b>	<b>\$9,066</b>	<b>\$6,516</b>	<b>\$31,830</b>
% of Total	52%	28%	20%	100%
<b>5-Yr. Avg.</b>	<b>\$3,250</b>	<b>\$1,813</b>	<b>\$1,303</b>	<b>\$6,366</b>

Source: Hdl Coren & Cone Agency Projections May 2005

\*Actual

In accordance with the Agency's practice of allocating its available non-housing revenue stream towards significant redevelopment projects, the Agency issued tax allocation bonds in May 2004. The Agency's \$44.7 million Tax Allocation Bonds, Series 2004 consist of the following uses: a) \$4.3 million escrow to defease prior debt obligations and refinance at a net cost savings due to lower interest rates; b) a \$37.1 million construction fund to pay for Agency-sponsored capital improvement projects requiring lump-sum financing; c) a reserve account of \$3.4 million to provide additional security to bondholders.

#### b) Projected Expenditures

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

As noted above, the Agency anticipates net tax increment revenues available for non-housing activities of approximately \$6.4 million per year over the 5-year Implementation Plan period. The Agency is allocating tax increment revenues of approximately \$3 million per year towards debt service payments on its Series 2004 Tax Allocation Bonds, while about \$2.5 million per year is needed for operating expenses and other recurring obligations. The primary source of funding for major projects during the Implementation Plan period, including the expansion of downtown parking facilities, the new Burbank Elementary School, the Cannery Park expansion, and other public improvements associated with implementation of the Cannery Area Plan is anticipated to be the \$37.1 million in bond proceeds. The Agency has a current cash balance of approximately \$7.4 million, which represents an additional source of funds for new projects during the Implementation Plan period, bringing the total amount of available funding to approximately \$45 million.

Over the next five years, the Agency will undertake redevelopment activities that its revenue stream can financially support. It is expected that the majority of Agency tax increment revenue over the five-year Implementation Plan period will be required to pay debt service on the aforementioned Series 2004 Tax Allocation Bonds, in addition to Agency administrative costs and other existing debt service.

Table 5 provides a projection of Agency expenditures by sub-area for each year of the Implementation Plan period.

**Table 5**  
**Projected Non-Housing Expenditures**  
**Five Year Implementation Plan Period, FY 2005-2009**  
**(in thousands)**

Project	Downtown	Burbank Cannery	Mission Foothill	Total
Economic Development				
• Cinema Place	\$100			\$100
• Revitalization Programs			\$350	\$350
• South Hayward BART Plan			\$290	\$290
• Auto Row Banner Program			\$50	\$50
			\$200	\$200
<i>Subtotal - Economic Development</i>	<i>\$100</i>	<i>\$0</i>	<i>\$890</i>	<i>\$990</i>
Public Improvements				
• Burbank Elementary School		\$29,000		\$29,000
• Public Infrastructure		\$6,000		\$6,000
• Cannery Park		\$4,000		\$4,000
• Parking Facilities	\$10,700			\$10,700
• Neighborhood park			\$400	\$400
<i>Subtotal - Public Improvements</i>	<i>\$10,700</i>	<i>\$39,000</i>	<i>\$400</i>	<i>\$50,100</i>
<b>Grand Total</b>	<b>\$10,800</b>	<b>\$39,000</b>	<b>\$1,290</b>	<b>\$51,090</b>
Percent of Total	20%	77%	3%	100%

#### **4. Relationship between Revenues and Expenditures by Sub-area**

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

Currently, the Agency's Downtown Sub-area generates just over half of all tax increment revenues in the Project Area, with the Burbank/Cannery Sub-area and the Mission/Foothill Sub-area each generating approximately one-quarter of the revenues. These percentages are expected to shift during the course of the Implementation Plan period and beyond as redevelopment occurs. Implementation of the Cannery Area Plan and the South Hayward BART Plan will substantially increase the relative share of tax increment revenues generated by the Burbank/Cannery and Mission/Foothill sub-areas, whereas tax increment revenues in the Downtown sub-area are expected to increase at a more moderate pace.

Approximately \$11 million has been allocated towards the expansion of parking facilities in the Downtown Sub-area, including the addition of a third level to the City Hall parking structure, expansion of Municipal Lot No. 2, and construction of a new municipal parking garage located next to Cinema Place.

Expenditures in the Mission/Foothill Sub-area over the next five years will consist of several smaller revitalization projects and programs as described above, including a major planning study that is currently underway. This study, known as the South Hayward BART/Mission Boulevard Concept Plan, comprises 240 acres of vacant or underutilized land surrounding the South Hayward BART station and along Mission Boulevard between Harder Road and Industrial Parkway. As with the Cannery Area Plan, this community planning effort is a necessary first step towards substantial rehabilitation and redevelopment of the area.

#### **5. Relationship between Projects and Blighting Conditions**

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

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

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

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

1. The construction of community facilities in the Burbank/Cannery area will facilitate the redevelopment of obsolete and deteriorated/dilapidated industrial buildings as envisioned in the Cannery Area Design Plan. Construction of a new Burbank Elementary School is a necessary precondition for successful implementation of the residential component of the Cannery Plan, as the current school cannot accommodate the additional student population generated by the construction of between 630 and 775 new housing units in the area.
2. Various street improvements will improve circulation through and within the Project Area, thus reducing traffic congestion and easing access to parcels. Expanded parking facilities in the downtown will help attract customers to the commercial portions of the Project Area. Roadway and parking improvements also help attract new investment by signaling to the financial, residential, investment and commercial communities that the Agency is willing to provide the services necessary to help ensure the success of investments.
3. Landscaping and other aesthetic enhancements improve the visual quality of various residential and commercial neighborhoods. This, in turn, has the effect of helping to induce new investment or reinvestment through improved community image and pride. Improved visual image often attracts more customers to local stores, which increases local sales. These improved sales increase the value of previously impaired investments, and help make more capital available for reinvestment in local businesses. Increased local pride often results in a patrol effect that helps to reduce local crime, especially crimes against property.
4. Improved recreational opportunities resulting from proposed park improvements, including the expansion of Cannery Park and development of a neighborhood park in the Mission Boulevard corridor, will enhance the living environment for local residents. This improved quality of the environment will result in improved property values, greater neighborhood pride, and increased reinvestment in residential neighborhoods within the Project Area.

5. Business marketing programs, such as the banner program for the Hayward Auto Row, are intended to reduce blight by helping existing businesses to market themselves, and to expand or improve their competitiveness by attracting new customers into the Project Area. Business expansions also create new jobs, which will help improve local employment opportunities. This in part will have the result of reducing local crime, while improving disposable incomes and local sales.
6. Conceptual design planning and the creation of a revitalization strategy and for the north Mission Boulevard corridor and the south Hayward BART area will promote redevelopment or rehabilitation activities that could eliminate deteriorated buildings, buildings of poor or obsolete design and inadequate signage, building vacancies, lack of curbs, gutters and sidewalks, lack of trees and landscaping, and irregular parcels.

#### **D. AFFORDABLE HOUSING ACTIVITIES**

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

1. State redevelopment law as it pertains to affordable housing requirements;
2. Low and Moderate-Income Housing Fund revenues and expenditures;
3. The affordable housing production obligation for the original redevelopment area and each expansion area;
4. Affordable housing production goals, objectives, and programs;
5. Annual housing production activities for the period of FY 2004-05 through FY 2008-09.

##### **1. State Redevelopment Law Requirements**

###### *Housing Fund Requirement:*

State law requires that 20 percent of tax increment revenue generated in redevelopment project areas must be set aside in a Low and Moderate-Income Housing Fund (LMIHF). Monies deposited in this fund must be used for the creation or substantial rehabilitation<sup>4</sup> of housing made affordable to low and moderate-income households. A full description of the housing fund is presented in part 2 of this Section D of the Plan, including an estimate of the amounts to be deposited in the LMIHF and expenditures from the fund.

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<sup>4</sup> State law defines "Substantially Rehabilitated" as rehabilitation of any residential unit in which the cost of the rehabilitation work has a value of at least 25% of the after-rehabilitation value of the unit. This definition may be found at Health and Safety Code section 33413.3 (b)(2)(A)(iii).

### *Housing Production Requirement:*

State law requires that a portion of all residential units either constructed or substantially rehabilitated within the Project Area be made affordable to low and moderate-income households. The production requirement applies to units developed by the Agency and by private developers. However, in the case of Agency-developed projects, a larger percentage of units must be made affordable. The following is brief description of the production requirements:

- **Agency Developed Housing:** 30 percent of all housing developed or substantially rehabilitated by the Agency must be made affordable to households earning no more than 120 percent of the area median income. Of these units, one half (or 15 percent of the total development) must be made affordable to households earning no more than 50 percent of the area median income.
- **Privately Developed Housing:** 15 percent of all housing developed or substantially rehabilitated by a private entity must be made affordable to households earning no more than 120 percent of the area median income. Of these units, 40 percent (or 6 percent of the total development) must be made affordable to households earning no more than 50 percent of the area median income.
- **Proportion of Affordability:** Affordable units created in residential developments must be made affordable to very low and low income households in proportion to the ABAG Regional Housing Needs Determination for the City of Hayward.
- **Duration of Affordability:** State law requires that affordability restrictions be recorded against units created to meet production requirements for the longest feasible time. Typically, this means for at least the duration of the Project Area. The Project Area is set to expire in 2031. However, most housing developments that have received an allocation from the LMIHF have long-term affordability restrictions recorded against them that end after the expiration of the Project Area.
- **Replacement Housing Requirement:** When residential units occupied by low or moderate-income households are removed from the housing stock by Agency action, the Agency must replace those units within four years with new or substantially-rehabilitated units with an equal or greater number of bedrooms.

Under State law, housing production requirements only apply to residential development within redevelopment project areas that were established on or after January 1, 1976. Therefore, the production requirements do not apply to the original Downtown Project Area because it was established in 1975. However, the requirements do apply to the three expansion areas that were each added after January 1, 1976.

State law makes reference to "affordable housing cost" as a component of the housing production requirement. Affordable housing cost is defined as the percentage of monthly household income spent on housing expenses. In the case of rental housing, "housing cost" includes rent and an allowance for utility costs. For ownership housing, it includes

principal, interest, taxes and insurance and condominium or homeowner association fees if applicable. The State of California has adopted the U.S. Department of Housing and Urban Development (HUD) income definitions. Traditionally, the federal standards for each income category have been on the Area Median Income (AMI) and are defined as:

- Extremely Low-Income: 30% of AMI
- Very Low-Income: 50% of AMI
- Lower-Income: 80% of AMI
- Moderate-Income: 120% of AMI

These income categories are used to determine the eligibility of households to occupy affordable units developed or substantially rehabilitated using monies from the LMIHF. Any program or project financed using the LMIHF must serve very low- and moderate-income households.

A residential unit developed to meet State housing production requirements must be made affordable to very low and moderate-income households. The "cost" of that unit (rent less a utility allowance or, in the case of ownership developments, principal, interest, taxes and insurance (PITI) plus condominium or home owners association fees if applicable) must not exceed the State-defined "affordable housing cost." Typically, for rental housing the affordable housing cost may not exceed 30 percent of a household's gross monthly income and for ownership housing it may not exceed 35% of the gross monthly income. Although the State of California defines "low income" as no greater than 80% of AMI<sup>5</sup> and defines "moderate income" as no greater than 120% of AMI, the percentage of AMI used to determine affordable housing cost for each income category is not the same that is used to define each category.

The following table illustrates "affordable housing cost" for low and moderate-income households for both rental and ownership housing for lower and moderate-income households:

**Table 6  
Affordable Housing Cost Defined**

Income Category	Rental Housing		Ownership Housing	
	Household Income as % of AMI	% of Income Spent on Housing	Household Income as % of AMI	% of Income Spent on Housing
Extremely Low-Income	30%	30%	30%	30%
Very Low-Income	50%	30%	50%	30%
Low Income	60%	30%	70%	30%
Moderate-Income	110%	30%	110%	28 to 35%

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

<sup>5</sup> Currently, this amount is defined by HUD and may exceed 80% of AMI.

The following two tables illustrate affordable housing costs for 1, 2, 3 and 4 person households for both rental and owner-occupied housing based on 2005 income limits.

**Table 7**  
**2005 Affordable Monthly Housing Cost for Rental Units**

Income Category	Annual Income Used to Determine Housing Costs				Maximum Affordable Rents (Net of Utility Allowance)			
	1 Person Household	2 Person Household	3 Person Household	4 Person Household	1 Person Household	2 Person Household	3 Person Household	4 Person Household
Extremely Low-Income	\$17,400	\$19,850	\$22,350	\$24,850	\$351	\$412	\$472	\$507
Very Low-Income	\$28,800	\$32,900	\$37,000	\$41,100	\$636	\$739	\$841	\$914
Low Income (60%)	\$34,500	\$39,500	\$44,400	\$49,300	\$779	\$904	\$1,026	\$1,119
Moderate-Income (110%)	\$63,300	\$72,300	\$81,400	\$90,400	\$1,499	\$1,724	\$1,951	\$2,146

*Note: Affordable Monthly Rents are based on 2005 Income Limits. These limits change annually. For current income limits, please contact the Department of Community and Economic Development.*

**Table 8**  
**2005 Income Levels and Affordable Monthly Housing Cost for Ownership Unit**

Income Category	Annual Income Used to Determine Housing Costs				Maximum Affordable Monthly Housing Cost <i>Includes Principle, Interest, Taxes, Insurance</i>			
	1 Person Household	2 Person Household	3 Person Household	4 Person Household	1 Person Household	2 Person Household	3 Person Household	4 Person Household
Extremely Low-Income	\$17,400	\$19,850	\$22,350	\$24,850	\$435	\$496	\$559	\$621
Very Low-Income	\$28,800	\$32,900	\$37,000	\$41,000	\$720	\$823	\$925	\$1,025
Low Income (70%)	\$40,300	\$46,000	\$51,800	\$57,500	\$1,008	\$1,150	\$1,295	\$1,438
Moderate-Income (110%)	\$63,300	\$72,300	\$81,400	\$90,400	\$1,583	\$1,808	\$2,374	\$2,637

*Note: Affordable Monthly Housing Costs are based on current (2005) Income Limits. These limits change annually. For current income limits, please contact the Department of Community and Economic Development.*

## 2. Revenues and Expenditures

Table 9 presents the anticipated annual tax increment deposits into the Low and Moderate-Income Housing Fund (LMIHF). These amounts are based on projected tax increment revenue and are subject to change due to future economic conditions.

**Table 9**  
**Projected Low and Moderate-Income Housing Fund Deposits 2005-2009 (in thousands)**

	2004-2005 (actual)	2005- 2006	2006- 2007	2007- 2008	2008- 2009	Total
<b>Deposit Amount</b>	\$1,297	\$1,802	\$1,948	\$2,083	\$2,223	\$9,353

*Source: HDL Coren & Cone Fiscal Report, May 3, 2005*

## 3. Affordable Housing Production Obligation

As discussed earlier in this plan, the affordable housing production requirement applies to redevelopment project areas and added areas adopted on or after January 1, 1976. Any residential developments constructed or substantially rehabilitated within a project area, or an expansion to an existing project area established after January 1, 1976 areas are subject to the production requirements. The Agency is not obligated to produce any affordable units in the original Project Area because it was established prior to January 1, 1976.

To date, over 800 residential units have been constructed in the Project Area. Table 10 summarizes residential development activity within the Project Area through FY 2003-04:

**Table 10**  
**Completed Residential Development Activity**

	Pre 1999	1998- 1999	1999- 2000	2000- 2001	2001- 2002	2002- 2003	2003- 2004	Total
<b>TOTAL UNITS</b>	145	192	155	0	8	152	98	750

According to State law, 113 affordable units were needed to meet the housing production requirement for the term of the previous Implementation Plan (1999-2003). A total of 107 price-restricted affordable units were created through the prior development of: EC Magnolia (21 units), Glen Eden (36 units) and Glen Berry (50 units). Each of the developments were developed by Eden Housing and provide permanent, affordable rentals to low and moderate-income households. The six unit deficit of affordable housing units will be accounted for during the term of the current Implementation Plan.

The housing production requirement for the term of the FY 2004-05 – FY 2008-09 Implementation Plan is based on an estimate of residential development activity within the Project Area. This estimate is based on projects that are currently under construction, plans for projects submitted to the City of Hayward for development review and future development plans

not yet submitted for review but reasonably anticipated within this period. Based on this analysis, the Agency projects approximately 960 residential units will be constructed in the Project Area within the five year period beginning in FY 2005. The following table identifies residential.

**Table 11**  
**Projected Residential Development Activity FY 2005-2009**

	2004-2005 (completed)	2005- 2006	2006- 2007	2007- 2008	2008- 2009 <sup>6</sup>	TOTAL
<b>TOTAL</b>	71	57	105	11	715	960

*Source: City of Hayward Neighborhood and Economic Development Division*

The following table illustrates the estimated number of affordable units that must be produced to satisfy the housing production requirement based on an estimate of residential development within the Project Area during the term of the Implementation Plan:

**Table 12**  
**Affordable Housing Production Requirements and Planned Development, FY 2005-2009**

	Planned Total Units	Planned Market Rate Units	Planned Affordable Units	Required Affordable Units (15% of Total)	Projected Surplus Affordable Units *
<b>TOTAL</b>	960	780	180	144	30

*Source: City of Hayward Neighborhood and Economic Development Division.*

*\* The projected surplus of 30 affordable units accounts for the six unit deficit from the previous Implementation Plan.*

The affordable housing production requirement calls for the creation of units affordable to very low- to moderate-income households. The previous table illustrated the total number of affordable units that will need to be created during the term of this plan. The following table provides additional detail about the specific amount of units affordable to very low, low and moderate-income households that will need to be created.

**Table 13**  
**Projected Very Low & Low and Moderate-Income Production Requirements  
FY 2005-2009**

	Very Low-Income Units			Low and Moderate-Income Units		
	Required	Created or Planned	Balance	Required	Created or Planned	Balance
<b>TOTAL</b>	57	79	22	87	101	14

*Source: City of Hayward Neighborhood and Economic Development Division*

<sup>6</sup> The completion date for these projects cannot be specified but it is anticipated these projects will be completed during the term of this plan.

#### 4. Affordable Housing Production Goals, Objectives and Programs

State law requires that the Agency describe how the goals, programs and expenditures presented in the Implementation Plan will meet the affordable housing production requirements for each Plan year. This section will present the overall goals, and the specific housing program which sets out these goals. The specific activities to implement the program during the term of this plan are presented below in Part 5 of this Section D.

##### *Housing Production Goals*

It is the goal of this plan to ensure that the affordable housing production requirement be met for each new or substantially rehabilitated residential development in the Project Area. The Agency will also continue to support efforts to increase the percentage of Hayward residents who are home owners.

##### *Housing Program*

The LMIHF will be used to support development opportunities which help meet the affordable housing production requirement. Financial assistance to private for-profit and non-profit developers may include loans for property acquisition, development, renovation, on and off-site improvements, predevelopment costs and development fees. It is anticipated that the developers of each new residential project will comply with affordable housing production requirements.

Staff anticipates approximately 960 units will be constructed in the Project Area during the term of the 2005-2009 Implementation Plan. A total of 144 of these units will need to be made affordable to meet the affordable housing production requirement. According to Staff analysis there will be a total of 180 affordable units created during 2005-2009. Thus, after deducting the six unit deficit from the prior period, the total estimated affordable units to be produced during the term of this Plan will exceed by 30 the number of units that would need to be created to meet State law. The excess number of affordable units is the result of the Sara Conner Court development on Mission Boulevard in Expansion Area 3, in which all of the units will be made affordable to very low and low-income households. This development will exceed its affordable production requirement and create a surplus of 18 affordable units.

All of the projects completed prior to 2005 and all proposed units to be added in the Project Area are new construction projects. To date, the Agency has found that it to be more cost effective to provide strategic financial assistance to private developers, as needed, than to act as the developer to produce affordable housing. Therefore, all of the residential development within the Project Area was completed by private developers.

The majority of anticipated residential development activity within the Project Area during the term of this plan will be located in the Burbank-Cannery sub-area. All new development within this area is guided by the Cannery Area Design Plan. This plan was approved by the Hayward City Council in 2001 and will guide residential and commercial development within Area 2 during the term of the Implementation Plan. The Agency anticipates that LMIHF resources along with other potential sources may be used to assist private developers with new construction projects that implement the Cannery Area Design Plan. When completed, this plan calls for the

construction of 680 to 860 new residential units. All residential development described in this plan will be subject to the affordable housing production requirement.

To assist in the development of affordable housing, the Agency will support the following programs:

**Program 1:** Where appropriate, provide assistance to developers creating long-term affordable rental and ownership housing.

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

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

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

#### *Consistency with the Housing Element*

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

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

**Housing Element Goal:** Expand the Housing Supply

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

**Housing Element Goal:** Preserve Owner-Occupied Housing

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

**Housing Element Goal: Develop Affordable Housing**

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

**5. Annual Housing Production Activities FY 2005-09**

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

The Agency will annually allocate \$200,000 from the LMIHF to the First-Time Homebuyer Assistance Program. The Program will provide assistance to approximately 10 low and moderate-income homebuyers each year, contingent on market conditions and the number of applicants.

The following is a chronological listing of significant programs and projects which will be conducted to support the goals of the Implementation Plan:

**2004-05:** The Olson Company completed the construction of the Renaissance Walk town homes in the spring of 2005. This development is located in Expansion Area 1. It consists of 46 ownership units including 22 price-restricted units affordable to moderate-income households. The affordability restrictions will be in place for a 45-year term. State affordable housing production requirements for this development call for the creation of 7 affordable units. The 22 affordable units exceed the State mandated number of affordable units and result in a surplus of 15 affordable units, which may be applied to other developments that do not include affordable units.

**2005-06:** Eden Housing, Inc. will complete construction of the Sara Conner Court multifamily housing development located in Expansion Area 3. It will consist of 57 units of permanently-affordable multifamily housing. The units will be made affordable to Very Low-Income households (41 units) and Low Income households (16 units). Up to \$1,750,000 from the LMIHF has been allocated to this project. State affordable housing production requirements for this development call for the creation of 9 affordable units. The 57 affordable units that will be created will exceed the State mandated number of affordable units and result in a 48 unit affordable unit surplus which may be applied to other developments which do not provide affordable units.

**2006-07:** Staff anticipates the completion of a single residential development within the Project Area during 2007. This development of the former Select Foods site will produce a total of 105 market-rate units. There are no provisions for any affordable units in this development. The outstanding balance of 16 affordable units will need to be met by other developments.

**2007-09:** There are a number of residential developments in the planning stages that are anticipated to be completed during the term of the Implementation Plan and will be located within the Project Area. In terms of major residential projects, analysis of current development activity indicates a private developer will soon begin construction of approximately 350 units in the Cannery Area. It is anticipated that the developer will provide approximately 57 affordable units in response to the affordable housing production requirement. The actual number of both market rate and affordable units to be developed is difficult to estimate at this time, but at least 15% of the total units will be made affordable. While difficult to specify the exact year, completion of this development is likely to occur during final two years of the Implementation Plan. In addition, staff anticipates the completion of one or more additional developments within the Cannery Area. It is anticipated that these developments will create approximately 280 units. The 15% affordable housing request will be applied to them as well.

The following table presents the affordable housing goals for the Implementation Plan:

**Table 14  
Estimated LMIHF Expenditures<sup>7</sup> and  
Affordable Housing Production Goals FY 2005-2009**

Housing Goal	Year					TOTAL
	2004-05	2005-06	2006-07	2007-08	2008-09	
Expand The Housing Supply	95		105		160 <sup>8</sup>	436
LMIHFs Expended					\$3,190,000	\$3,190,000
Support Homeownership	10	10	10	10	10	50 <sup>9</sup>
LMIHFs Expended	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
Develop Affordable Housing	22	57			40 <sup>10</sup>	119
LMIHFs Expended		\$1,750,000	\$400,000		\$3,190,000	\$5,090,000

Source: City of Hayward Redevelopment Agency

**2009-14:** As discussed earlier in this Plan, the majority of residential development in Expansion Area 2 will be guided by the Hayward Cannery Area Design Plan. This plan calls for the development of 680 to 860 residential units, about two thirds of which are anticipated to be built by the end of FY 2008-09. The remaining approximately 150 units are expected to be constructed in the FY 2009-2014 timeframe. All residential development in this area will be subject to the affordable housing production requirements. It is anticipated that affordable units will be created as development occurs in accordance with this plan. It is possible that private developers may seek assistance from the Agency in order to ensure the financial feasibility of developments which include affordable housing units.

<sup>7</sup> Estimated expenditures do not include annual administration expenses.

<sup>8</sup> Units will be made affordable to Low and Moderate-Income households.

<sup>9</sup> Total households assisted.

<sup>10</sup> Units will be made affordable to Very Low-Income households.

**2015-31:** As previously discussed, the Agency is also currently in the process of preparing the South Hayward BART/Mission Boulevard Concept Plan, which is a long-range planning document focused on a 3-mile stretch of Mission Boulevard in Expansion Area 3. While details of the plan have not yet been finalized, it is expected to include approximately 2,000-4,000 new or rehabilitated housing units, including affordable units.