

Bayview Village: Short history of a long process

By Sherman Lewis, November 2019 (first draft)

Overview

“Traditional residential planning practices force Americans to own and rely on their cars, to consume electricity and natural gas at unsustainable levels, and to live in isolation and fear of break-ins. The design of community itself has to change, if Americans can ever break free of these limitations and embrace a better way of living…”

—David Jacobson, Development Consultant

Work on this project began in 2001 and is still on-going.

1978 Narrative

In 1978, some friends and I started the Hayward Area Planning Association (HAPA) in order to save open space, stop a proposed freeway, and advocate for better planning. The following account jumps to the quarry part of the story.

Early June 2001: Miley asked the question and we find the land

In the fight against the 238 Bypass, there had been no discussion of alternative uses of the land—all the debate was for or against the freeway. I talked to the new Supervisor for Oakland-Castro Valley, Nate Miley, and he agreed that some study should be made of the potential for housing, housing that would be lost if the freeway were built.

During the City planning process, this site set off a dispute between the City of Hayward, who sought to purchase the site for a new Bret Harte Middle School, and HAPA who dreamed of purchasing the land to build a car-free community. The proposed community would have 1000 homes and no parking spaces. Instead, the community would utilize a well-planned shuttle system to help get residents around town easily. Additionally, the development would include a grocery store to make shopping trips easy and convenient. As described in the local paper, “[This] unconventional housing development, if the city and neighbors allowed it and investors supported it, would be sure to put Hayward on the map.”

June 17, 2001

Supervisor Nate Miley asked the County Planning Department to work with me to prepare a report for him on the potential for housing development in the freeway corridor. I did all the footwork, examining maps and walking up and down the right-of-way, and looking at adjacent land uses. On June 17, 2001, I completed my report on all the property in the right of way of the proposed SR 238 Bypass. County staff edited it and passed it up to the Board of Supervisors. The report was interesting but not politically important, just very important as a policy issue.

The report estimated that 607 housing units could be built on the old quarry north of Carlos Bee Blvd. and Overlook Ave., based on adjacent zoning and development patterns.

The largest single piece of land, unoccupied, undeveloped, and free from the influence of the fault line was the site of an old quarry. The 30-acre quarry had been closed for decades and took up prime real estate off of Carlos Bee. It had great housing potential, but also got me to thinking. I had done some theoretical work publish in Urban Land on a hypothetical 100-acre pedestrian neighborhood, and also looked at downtown Hayward to see if dense development there could reduce traffic from Walpert Ridge and thus reduce the need for the bypass (the Usage Study).

I began to daydream and fantasize about what could be done with the quarry site for a really sustainable walkable neighborhood, putting some parking on one side and emphasizing a shuttle bus and other ideas for people to make trips. My time, however, had to go into stopping the bypass.

February 21, 2002

On February 21, 2002, I completed a report on CSUEB Hayward and the Foothill Freeway that posed the choice between building a freeway through the quarry and using it for housing which could serve students. This point was also made in a number of reports criticizing the proposed freeway, which was eventually stopped by citizen action, the courts, the Hayward City Council, and a vote by the people of Hayward.

March 19, 2002

At a HAPA Steering Committee meeting on March 19, 2002, we discussed "Smart growth ideas, need for market research study on reduced car dependency, integrated urban systems, housing and Carlos Bee Quarry as possible site..."

February 26, 2003

By 2003, HAPA was engaged in discussions over what would replace the Foothill Freeway. On February 26, 2003, the HAPA News proposed a "Draft Scope of Work: Foothill/Mission Smart Growth Variation" as an alternative to the over-widening of Mission and Foothill:

"Smart Growth Redevelopment. Suitable parcels along the two-mile distance otherwise to be taken for ROW would be redeveloped based on smart growth principles. (Many existing uses would remain.) Smart growth includes mixed use, e.g., ground floor businesses under residential housing at BRT [bus] stops. Smart growth would not be over five stories and usually three to four. It would include development of student-oriented housing on the quarry site at a density similar to Wimbledon Woods. ..."

Many of the other elements of what became the Bayview Village were in the HAPA News and a related report, "Foothill/Mission Planning Issues."

October 2003

In October 2003, "The HAPA Plan for Foothill and Mission, Hayward" proposed to the City a rapid bus service from BART to CSUEB campus and stated:

"The Carlos Bee Quarry. About 30 acres of surplus Caltrans land is up for grabs. It could be used for "car-free" housing, with lower rents, transit passes and taxi credits in monthly rent, and mobility by Rapid Bus. Transit-oriented residential development along Foothill Mission and at the Quarry would provide the ridership to support Rapid Bus, and Rapid Bus would make a car-free lifestyle possible. Such a lifestyle is not only less expensive, but also reduces air

pollution and global warming gases, reduces energy consumption and resource use, improves personal health and safety, and is more sustainable in the long run. A survey of 100 CSUEB students in 2003 indicated that about 1/4 to 1/3 could live in such housing, would save on rent, and would want to live there."

2004

With the final demise of the Foothill Freeway in 2004, Bayview Village became the major concern of the Hayward Area Planning Association. The website is a major part of that effort, along with outreach and surveying.

2005: The Quarry Project, HAPAs New Direction

By 2005, the Hayward Area Planning Association was seeking a new purpose to advocate on. With the Walpert Ridge issue effectively concluded, HAPA's primary mission became promoting "The Quarry Project" in order to advance new systems of sustainable urban development, affordable housing, and a healthier lifestyle. The Quarry Project was a "car-free", transit-oriented development proposal for the Carlos Bee Quarry near California State University, Hayward. Quarry Project became Quarry Village became Bayview Quarry Village became Bayview Village—final name still undecided.

On September 11, 2005, I posted an advertisement on Craigslist and the CSUH student employment office for a Project Director for the Quarry project. HAPA needed someone, either by direct hire or consultant contract, to develop evidence on the marketability of rental and sale units in an exclusively "car-free" housing proposal.

By October, HAPA was planning on launching a website for The Quarry Project. A Project Director was needed to place advertisements, news articles, prepare brochures, and work with realtors to attract interest in the soon to be launched website. Brian Stanke took the job.

March 3, 2006: First Flier of Quarry Village

On March 3, 2006 we released our first issue of Quarry Village News in effort to promote the concept to the market. The paper promoted the project as a convenient, healthy, environmentally friendly, and energy independent way of living.

The paper promoted the convenience of onsite groceries, café, restaurant, and ATM, within easy walking distance. Its location was also only 6 minutes from downtown Hayward and BART by bus.

An onsite fitness center with the ability to reach regional walking trails promoted a healthier lifestyle than other car-oriented developments.

Car-free mobility would help end America's dependence on oil and the project would be environmentally friendly.

[Plenty more info on the flier in HAPA News. May make a viable source for visual aids.]

July 2006: Desperately Seeking Developer

Quarry Village was going nowhere without a developer. The Hayward Area Planning Association did not have the credibility or the \$100,000 to \$1 million needed to get started. We could pretend to be a developer but we were, really, only a promoter. We needed a developer to partner with. HAPA does bring something to the table--a lot of knowledge about how smarter smart growth would work, about local and regional politics, and about a process that could be successful.

Developers I've talked to agree that every large development is different, but there are common logical steps involved. In the case of Quarry Village, three obvious issues were: would people buy what we wanted to sell? Would the community and the City of Hayward let us build it? Could we get the land from Caltrans? The first question, marketability, remained in my mind the biggest question, partly because it was not clear how to do the research. With marketability and a developer, I was confident we could get approval and buy the land, even in competition with other developers who wanted to do a conventional development.

The initial expense was for the market research not only for the developer but for lenders he or she would have to go to for financing. The developer had to be optimistic enough that there really was a market to pay for the research. Then the developer would have to secure the land. Then comes creating a team of the developer, an engineer, and an architect/land planner, an aerial survey, decisions about cut and fill and buildable footprint, and a sketch site plan. With a site plan, we would be able work with City to get the project reviewed and approved. A large lender like CalPERS would also be brought in.

These activities do not necessarily happen sequentially, but can develop in parallel through networking over time. Relatively small expenditures lay the groundwork for more serious investment, probably over \$1 million by the time the project would be approved by the City. To keep this in perspective, current estimates for the total hard cost of the project was \$226 million. This figure excluded financing costs, most of the commercial investment, and some of the Village Bus costs. It included all of the residential area and land improvement for the commercial block.

Reasonably Wanting Research

Phil Kerr of the Olson Company suggested I contact the Concord Group, which does market research for Olson. I emailed the Concord group and got a positive response from John Shumway. I also visited Andrew Borsani in San Francisco and reviewed some of Concord's reports. Mr. Shumway thought the project might work and might build out faster than our assumptions thus far, which would have helped on the financing costs. He was preparing a proposal for a report they might do, which HAPA could use in seeking a developer.

The Concord reports had a huge amount of data, but only some of it seemed germane to marketability. A lot of it covered comparables, sale prices, and absorption, as it should, but Quarry Village did not have real comparables. I thought some innovative market research could have been helpful, and HAPA was doing some of it already, but I still could not think of a magic bullet that would answer the question.

Irremediably Needing Interest

HAPA was doing its own, innovative, market research. We may have lacked credibility with developers, but we were making progress and getting interesting results. We were finding people interested in buying Quarry Village condos. Our major way of finding them so far was an announcement on Craigslist. People would click onto our website and send in a survey.

We had a procedure for processing the surveys. When we got a survey, we would send a welcome message asking for a profile of the reasons for the person's interest. We would send a follow-up message, and call on the telephone. If nothing worked, we move the survey to an inactive file, but still kept the person on the newsletter list unless we were sure of a lack of interest. We wanted to feel confident that people were serious, so that a market researcher

who followed up would agree with us. Also, people had very interesting things to say in their own words, which helped us understand what might appeal to the market.

We had approved 37 people thus far and had 50 more people in pipeline. When we would reach 100, we would analyze and report. We needed to speed up the approval process.

We also needed to do more publicity. We needed to get the word out at Cal State, to BART riders, on community cable TV, in newspaper real estate sections, to realtors, to retired homeowners, and to local environmental groups.

We wanted to see if a professional research firm would pick up on these ideas to get a better sense of the market.

We considered asking interested people to request City Council to study the idea—it would be helpful, and certainly unusual, to have future buyers express their support for a development because it would help the environment.

Profiles of People Interested in Quarry Village

We at HAPA wondered who would be interested in living in Quarry Village. The following is a numbered list of profiles comprised of our work using surveys.

1. A homeowner living near Hayward who is a senior employee in a high-tech business also owns a residential investment property in south state. He is environmentally committed. He has kids probably attending Cal State Hayward in a few years and would buy a condo for them to live in and as an investment. He might buy another condo and move to Quarry Village if it is attractive enough.
2. Homeowner in Hayward would like to simplify her life in a smaller house, get rid of her car and walk more. Her husband died some years ago; her two sons live in San Francisco. She is environmentally committed and intrigued by the Quarry Village concept.
3. Highly educated couple in their late 20s living in San Francisco, one working for a non-profit and the other for the federal government. They love the Bay Area, but cannot afford a house near work, especially considering hoped-for family additions. They do not want a car commute from some distant affordable subdivision and a BART commute into The City would work. They can afford a spacious Quarry Village condo. They appreciate restaurants and other amenities made possible by a dense urban area, and are looking for a sense of community, recreation, and good schools. Hayward generally has poor schools, but the elementary schools serving the hill area are excellent and the junior and senior highs passable. There are also excellent parochial schools nearby. They are strongly committed to the health and environmental values of Quarry Village.
4. A homeowner in San Francisco BARTs to work in Oakland, where he is a planner with a large agency. He is active in a large citizen group advocating smart growth, and interested in the pedestrian friendly and new urbanist design aspects of Quarry Village. He is interested in buying or renting to own, based on his financial situation when the time comes. "I love this project already."
5. Single man, living in San Diego and working as an urban planner, is an "urban environmentalist" dedicated to changing the way urban dwellers interact with

the environment. Very interested in car-free living for the health, social, environmental and economic benefits. He would relocate to the Bay Area to live in Quarry Village. Interested in buying a two-bedroom two-bath unit. Wants the opportunity to live without a car. "I am excited to be a part of this, please keep me involved!"

6. A woman working in Oakland and renting in Albany is very interested in car-free living for health, time, and cost reasons. Was previously car-free for 8 years. Wishes to buy a 4-bedroom townhouse. Interested in rent-to-own options.
7. In his letter to us he leads off "I intend to purchase a home in Quarry Village as soon as they are available." Mid-career successful representative for manufacturing software in the western US works out of his home in Hayward. For him, "the environmental commitment and the walking and public transit-oriented lifestyle of Quarry Village would be even more satisfying; more residents who engage with neighbors, more interactions due to the car-free public areas and peaceful grounds, along with the focal points of public transportation access and community stores." In his letter he makes more points on landscaping, utility bills, room rental, and escaping yard work.
8. She has lived in the Bay Area for almost 30 years and now lives in Oakland. She works as a consultant in Oakland substance abuse and mental health assessments for young parolees. She helps evaluate trainers of HIV counselors in California and helps with HIV projects in Africa. She promotes sustainable work habits for new nurses. She is active promoting peace in Israel/Palestine. She is concerned about the environment, and is interested in living in Quarry Village as a community that uses resources consciously and wisely.
9. Domestic violence survivor currently living with her children in Tri-Valley area is looking to make a fresh start in an environment suitable and stable for her children where she can feel safe. Wants to rent a two-bedroom apartment. Also interested in the price benefits of living in Quarry Village.
10. Single parent with children under 18 works in Oakland for a state environmental agency as a geologist and owns a home in the Hayward hills. Attended a workshop. Very enthusiastic about Quarry Village and is helping promote it for its affordability, health, and environmental advantages.

November 14, 2006: City Council Wants Quarry Village Studied

At a November 14, 2006 City Council work session, I advocated for Quarry Village. The main concern of those in opposition to the development was that the lack of parking could cause a hassle for neighbors when residents who choose to use a car anyway park on neighborhood streets surrounding the village. However, I pointed out that there are many parking control measures that city can easily implement to combat that potential issue, such as issuing parking permits. Other council members and residents opposed the project simply because they wanted the school to be built there. Armas, the city manager, suggested trading the land occupied by the school, near E St. downtown, for the quarry site.

Other parties—CSUH, Hayward Unified School District, other developers – likely wanted to use the land also. City Council received more than two dozen communications in favor of

studying Quarry Village. Councilmembers, while recognizing the problems, expressed interest in finding a way to make it work. Every member of the Hayward City Council wanted Quarry Village studied. Mayor Sweeney repeated the consensus. In the end, the city council determined that they would consider approval for the project if I could find a developer and come up with the funding. Member of Council: "We need a green developer who believes in this. If we have the market, we can get the developers. If we can get the developers, we can get the council and the public to support it."

We were one step closer to Quarry Village getting a serious study.

December 2006: 101 Approved Applicants

With help from HAPA staffers Brian Stanke and Gail Lundholm, we prepared profiles for 101 approved applicants for Quarry Village. Most of them responded to our advertisements on Craigslist. A few people responded to leafleting at the Hayward BART station and at community meetings at CSU East Bay Hayward, the Hayward Public Library, Buffalo Bill's, and the Palisade YMCA. One enterprising soul responded to a flyer dropped on the floor of the Powell Street BART station.

Most demand was for two-bedroom two bath, three bedrooms, and four-bedroom units. Most people were interested in rent-to-own, and two-thirds were interested in renting parking, far too many for planned onsite parking. A few people were attracted by the affordability but had almost daily car travel needs that Quarry Village was not designed for. A number of other people might be able to use offsite parking. About 60 percent were very interested and wanted to make Quarry Village a success. Family living situations were a good mix: 9 living with parents, 32 living alone, 11 with roommates, 11 with a spouse or significant other, 16 couples with children under 18, and 12 single parents with children under 18. I was pleased that over one-fourth of applicants were families. We also had about 10 percent seniors and about 10 percent associated with Cal State University. The surveys included many interesting comments and even short essays, all of which helped us understand what we could do to design the project, improve how we presented the project, and find the people for whom it would work best.

February 4, 2007: Development Solicitation

After City Council decided back in November 2006 that a Quarry Village alternative should be studied, work was put into updating the general policy and spirit around developing the proposed project. At this time, Quarry Village was not seen by the development community as viable, but also not seen as unviable. HAPA needed to work with a master developer to build Quarry Village in Hayward, so this work was done in hopes of soliciting one.

The following are thirteen design updates HAPA decided on for Quarry Village:

1. Compact development: Three story condos and town houses along walkways flowing down to the Village Center have the design, density, and total population within walking distance which are needed to sustain a grocery store and high-quality bus service.

QV Property area data	acres	sq feet	% of property	gross unit density	unit density	person density
Land						
Housing area	22.06	960,900	70%		45	100
The Center and busway area	0.91	39,600	3%			
Subtotal: residential area	22.97	1,000,500	73%		44	96
Commercial block area*	1.05	45,600	3%			
Subtotal: developable area	24.02	1,046,100	76%			
Open space**	7.41	322,991	24%			
Total property	31.43	1,369,091	100%	32		
Building footprint and FAR		footprint	% of total area	% of sub-area		FAR
Housing		416,296	30%	43.3% of housing area		1.27
Center and busway		3,168	0%	8.0% of Center bus area		0.24
total building footprint		419,464	31%	41.9% of residential area		1.23
*This area has a mini-park/wetland/storm water detention basin, the commercial building, and truck delivery area.						
The Commercial building will likely have a 10,000 sq ft footprint at busway level for the grocery store.						
A 3,000 café / take out / fast food will be below the grocery store and at mini-park level; a 3,000 sq ft restaurant would be above the grocery store, with a big bay view.						
**Includes cliff area, creek area, two land slides on west side, based on City GIS acreage estimates for total property. Three small parks are included in the housing area.						
Note: 10% of fees are allocated to land improvements and 90% to buildings. Building fees precede building starts by one month.						

2. Transit-Oriented Development and the New Mobility. The Project provides most or all of the funds needed to buy and run a bus service, paid for by Homeowner Association (HOA) fees, used free by residents (Ecopass). The service will be high-tech, environmental, fast, and frequent. It will be backed up by easily available car rental, car share, taxi vouchers for certain kinds of trips, guaranteed ride home, a Quarry Village minibus run by the HOA, an electrocart for freight, limited, market driven on-site parking, and affordable off-site parking.

3. Open Space. Quarry Village will have two pond-based small parks used for storm water retention and amenity, a small village park, and small garden spots along the walkways. Quarry Village will support a trail across the creek ravine to the north, with planned connections to HARD's Ward Creek Trail. Quarry Village has easy walking access to the tennis and swim club at Wimbledon Woods, to the campus, and through the campus to Garin Dry Creek Park. The QV Community Center will have a fitness center and meeting rooms on the second floor.

4. Mixed Use. The Community and Commercial Buildings will support a grocery store, restaurant, cafe, ATM, mailing, office services, and civic functions, such as HOA meetings, needed by residents.

5. Energy sustainability. While cost is ultimately controlling, Quarry Village will strive to use sustainable energy so that buildings would not need air conditioning equipment and would have limited or no need, net, over time, for electricity off the grid. Quarry Village will have solar photovoltaic, solar thermal, day lighting, solar deflectors, heat exchangers, wall and ceiling insulation, double-paned, treated windows, passive solar, and other techniques to conserve energy. For planning purposes, we have assumed sustainable energy costs limited to 4% over conventional cost, that solar tax incentives will continue, and that solar photovoltaic collectors will decline a little in cost.

6. Green building, healthy materials. Quarry Village will strive to use recycled or sustainable materials and avoid paints, sealants, and other chemicals with noxious fumes.

7. Water sustainability. Quarry Village will absorb all or most storm water on site and use it for irrigation. Landscaping will use native plant species and natural ponds to support bird life.

8. Parking management. Quarry Village is premised on latent demand for car-free housing. About 900 units are for people who do not want or need a vehicle parked close to their front door and who are willing to walk from a few seconds up to five minutes to reach commerce and transit. They are willing to carry bags or use personal shopping carts. The units will be designed for ease of use of such carts, lock-boxes for deliveries, and bicycle parking. The 100 on-site parking spaces for planning purposes will cost \$125 per month, with price determined by bids after that (explained in more detail on the website). Off-site locations are available in the PG&E corridor, along the Hayward fault zone, and on some used car lots. Off-site location arrangements and costs have not been done yet. After an initial period of breaking in, available on-site parking in the car port area would be subject to bid. Short-term store parking and car rental/car share parking will be similarly managed to optimize revenues and use. The market price should achieve 85 to 90 percent use, and be lowered or raised based on demand.

9. Cost control with amenity. Quarry Village will minimize building corners, which add to building costs, and use standard wall, floor, and ceiling elements repeated in many units, and use 2-foot increments (avoiding odd lengths) where it can conserve on lumber. Quarry Village will seek visual appeal through color and ornamentation inspired by the San Francisco Victorians. Quarry Village will be opportunist in seeking recycled materials that can be used for visual appeal. (I'd like to see better-designed modern nine light windows, window boxes, and statuary lions as design motifs.)

10. Diversity of Housing Types. Quarry Village is planned for studios, two-bedroom one bath, two-bedroom two bath, three-bedroom, four bedrooms, and six-bedroom units.

11. Design for health. Health and safety are key selling points: Quarry Village supports walking for health, reduces air pollution, especially local particulates, and reduces accidents by having virtually no vehicle traffic.

12. Design for security. A walking environment must be secure. The large size of the Quarry Village allows 24-hour management on duty, as well as defensible space, proper lighting, surveillance cameras, and cell phones programmed to reach managers.

13. Design for community and privacy. Privacy is achieved in a dense environment using courtyards and avoiding the visual impacts of long rows of houses. Community is achieved by a walking environment, the Quarry Village Community Center, and professional management. The HOA will play an active role in managing Quarry Village and will professional management.

A master developer could help HAPA get green fund equity investors, private activity bond financing or community reinvestment funds. A commercial bank like Bank of America or Wells Fargo could make a loan. Banks face requirements under the Community Reinvestment Act to make non-commercial loans for disadvantaged persons, and Quarry Village could qualify. CalPERS could also afford the loan. HAPA thought that some of the really big lenders, like the Bank of America, Wells Fargo, and CalPERS, have the resources and are looking for ways to express their support for the environment and privately-financed affordable housing. While

there are a dozen good reasons, and all combined are compelling, global warming has received lately the most attention, and Quarry Village dramatically lowers warming gas emissions.

HAPA had three pro formas for the Project. The main pro forma showed acceptable internal rate of return for a project funded with equity, mezzanine loan, and development loan for a five-year build-out. The Rapid Bus pro forma showed how Quarry Village can finance the bus. The Homeowner Association Fee pro forma estimates the HOA monthly fees.

HAPA proposed a number of ways to make the risk acceptable. Developers cannot afford the time, cost, and risk of the approval process for plan designations, zoning, and EIRs for strongly innovative projects, no matter how much in the public interest. Even for conventional development, the process is costly and risks reduction of project size and revenues needed for viability. As mentioned above, HAPA proposed to eliminate any serious approval process risk by having MTC fund, and the City of Hayward carry out, a Specific Plan process covering environmental review for Quarry Village. Having secure regulation in place also decreases the uncertainty and volatility of the land value.

Similarly, the planning process should support two options for the area, so that if Quarry Village does not work out (and thus far has not), the owners of the option to buy the land have an approved conventional alternative with comparable value and less market risk. Quarry Village Partners can decide criteria to assess viability at the key time in order to protect investors on absorption issues. For example, we could agree that half the units would have to be pre-sold, or some equivalent criterion, before major investment takes place. If criteria were not met, conventional development could be pursued.

Even with half of the Quarry Village units pre-sold, there could be absorption rate issues. Because of the way Quarry Village would be built, from south to north to west, it would be feasible, if financially necessary, to drop some units and use the space for additional parking. Units with parking have a track record for absorption that would protect investors.

[based on: Development Solicitation.pdf]

March 2007: HAPA Receives Grant

[Based on HAPA News March 19, 2007]

By March, the San Francisco Foundation deposited \$18,000 with the San Francisco Study Center, HAPA's fiscal sponsor. The Foundation was funding HAPA's public education effort for Quarry Village.

We contracted Randy Yick of Belmont and Aero-Geodetic of San Jose to make a two-foot elevation contour map for the Quarry Village site. Pending its completion, HAPA would work on a more precise grading plan, leading to a revised site plan. We wanted to update our cost estimates and pro formas before actively educating and marketing to California State University, Hayward and BART riders.

We were also researching potential master developers to partner for building Quarry Village. By March, we had a list of fifty condominium builders in the Bay Area, a dozen of which seemed committed to Green Building. I was working my way down the list, hoping to find someone interested.

May 2007: Developer Looks at Quarry

[HAPA News May 14, 2007]

By May, we finally found a developer to look into our project. Michael Dieden, President of Creative Housing Associates (CHA) of Los Angeles, attended a HAPA Board meeting on May 8 after his second visit to the quarry. He was a native of San Leandro and knew Mike Sweeney from his early days.

He was not your average developer. He ranked toward the top of our list of some 48 East Bay condominium developers, and called me in response to a development solicitation I sent him. His CHA website said some promising stuff:

“CHA is reintroducing the courtyard-housing building type that was popular in the 1920's and 1930's. This type of housing is built around a lush, garden setting, taking advantage of California's warm climate. Such housing enables interaction among residents and allows easy access to the natural beauty surrounding them.

“CHA believes that housing should be designed with residents in mind, with sensitivity to the architecture and landscape of the project area. In fact, CHA encourages community participation to ensure a supportive and successful entitlement process.

“Market research shows that an increasing number of home buyers desire and are willing to pay a premium for housing that combines quality with style and character. CHA is targeting this market niche in order to deliver both quality housing and substantial investor returns.

“The specialization (apartments, big-box retail, power center, suburban single-family) and corporatization of real estate that has devastated our cities and rural areas remains fixed on the automobile and suburban sprawl as its model. The corporatization of real estate has led to profit-only types running these companies. Building community does not appear on a spreadsheet. It is in the heart – and when you build with passion and quality, you create superior homes and neighborhoods.”

Dieden had a project in Santa Rosa with issues that would keep him in the area for quite some time. The Santa Rosa project issues also illustrated the perils that lie ahead for Quarry Village. The collapse of the new housing market forced a major and undesirable loss of planned housing units and an increase in parking. However helpful it would be to have a developer, market realities and conservative lenders ultimately limited what could be built. On the positive side, Dan Solomon, a leading new urbanist architect and town planner, did the design work, and it had many green features. A Dieden project in South Pasadena also used leading new urbanist architects.

Our strategy, which was unique to my knowledge, was to build up a credible list of interested parties who could demonstrate commitment and even help with advocacy at crucial moments. We continued to publicize on Craigslist and we were up to 115 interested parties.

Meanwhile, Randy Yick and Aero-Geodetic produced a beautiful two-foot elevation contour map of the quarry site, which showed we had somewhat less developable land than we thought. We were able to develop a more realistic grading plan with about 100,000 cubic yards of cut and fill, far less than our first estimate. We were including more land in the project, but were still short on space for 1,000 units based on assumptions about balancing density and spaciousness. Irene Callju, an independent consultant working for HAPA, was helping me work things out, and I liked the new plan; it was an improvement over the old. As such, we were able to make our first proof of concept drawing for Quarry Village.



August 2007: Quarry Update

[HAPA News August 2, 2007]

At a meeting with Michael Dieden, our potential master developer for Quarry Village, we met with Lois Fisher, a new urbanist, designer and planner, who was working with Michael on the Santa Rosa New Railroad Square development. She walked the quarry with Michael and voiced interest in Quarry Village. A critical question was: what should be done to prove a market. I was hoping that after we got the ability to presell units we would have a year for an aggressive marketing campaign. The best proof of the market for the major investors and lenders would be presales.

Quarry Village posed profound epistemological questions: How do we know what people want to buy until they buy it? If it is expensive to offer our product, how much do we need to know before we try? At what rate will people buy housing based on walking and transit

in Hayward? Is there a trajectory of peak oil, global warming, walking for health, reducing oil dependency for security, seeking affordable housing, and desire for community that is increasing the market for four years from now? Can we sell some phases, and then, if subsequent phases do not sell fast enough, have some kind of plan B? If we get to where we can sell units, would a big marketing campaign increase success? Would national media attention help? How do you sell something people don't know yet how much they want?

Quarry Village would cost a few million dollars and require strong support from the City of Hayward to reach a point of offering units for sale. The stronger the pedestrian-transit emphasis, the smaller the conventional market. The more cars are added, the easier to sell the units, but it reduces transit ridership and patronage at the store, and restaurant/café. Since the most critical questions could not be answered, we needed to find a procedure that yielded an answer, such as trying to sell Quarry Village units, and if they don't sell fast enough, moving to an alternative that would be less ambitious.

By the way, market researchers could not really help. They had detailed knowledge of what sold yesterday. They could project a bit into the future. But Quarry Village was off their charts.

September 25, 2007: HAPA Seeks Quarry Village in 238 EIR

On September 25, 2007, HAPA gave a letter to City Council during the 238 corridor Environmental Impact Report stating:

"Hayward is going to get \$100,000 for writing an EIR on proposed changes in land use policy in the 238 corridor. Since South Hayward has been cleared and properties with no zoning change do not need much if any clearance, the focus is likely to be on a smaller area where plan designations and zoning are being changed.

HAPA requests that the scope of the EIR include global warming issues, and we believe that can be done within available funds. The evaluation should include per capita impacts, so that a large project with significant pollution reductions can be compared fairly with smaller project that have significantly higher emissions per capita. See Tony Held et al., Climate Change Focus Group, "Addressing Climate Change in NEPA and CEQA Documents", Jones & Stokes, August 2007, www.climatechangeocusgroup.com.

HAPA requests that Quarry Village be studied to the Specific Plan level as part of the 238 Land Use Study. Delaying study of Quarry Village until after the General Plan decision in February 2009 slows the project down too much.

We believe that the \$400,000 the City has for the General Plan may not be enough for a Specific Plan and that a Specific Plan is not included in the scope of work of the consultants. Therefore, it is necessary to get additional funds and to see if the consultants can do the additional work required. We and our developer would like to confer with city staff about the scope of work for a Specific Plan, how much it would cost, what inputs would be needed from Quarry Village, and what sources of funds are available from MTC and BAAQMD, probably in the context of new Joint Policy Committee policy on global warming.

We would then request a work session with the Council to see if it is feasible to pursue this higher level of planning. Given the benefits of Quarry Village to the city, we believe it is appropriate to use public funding for the environmental review.

We believe this request is consistent with the Council's previously expressed support for studying Quarry Village."

October 3, 2007: Land Use Study Meetings start

The City held a number of meetings on the future of land along the five-mile distance of surplus right-of-way. Quarry Village project was on one such locations.

January 2008: Quarry Village Update

By January 2008, HAPA was making strides toward developing Quarry Village. Based on advice from people in the business, we were focusing on raising predevelopment funds from investors to apply to the City of Hayward for a Site Plan and Planned Development. Quarry Village Corp had been set up to allow HAPA Board members to manage the project on a non-profit basis and to provide a secure legal framework for investors. The HAPA Board would meet the middle of February to approve bylaws and other items to further establish Quarry Village Corp as an S Corporation. Then we needed to work on papers for a private offering of stock.

We hoped to go to investors and lenders with:

- a sound proforma (financial analysis) now being developed,
- an analysis of how many units we need to presell to justify breaking ground,
- a period of marketing up to a year to presell units,
- a fallback plan if Quarry Village fails to presell enough units, and
- an appealing and feasible conceptual site plan and fallback plan of few condominiums, mixed use, and inconspicuous parking. Lois Fisher, Town Planner, was working on both plans.

Investors and lenders would want to have some assurance the City would approve the project and that Caltrans would sell the land to us. Getting approvals and control of the land was a chicken-and-egg problem: we can't get investor money without control, and we can't get control without investor money. We can't get approvals and control without city support, and we can't get city support without investor money. We asked investors to express an interest in investing to the City and Caltrans.

If we could raise funds for predevelopment, about \$750,000, we could apply to the City for a Site Plan and Planned Development. Then we needed control of the land, probably through an option, and with those two items, get a Conditional Report from the California Department of Real Estate. Such a Report would have allowed us to start preselling units.

Fault Found on Quarry Site

[Based on HAPA News April 28, 2008]

By April 2008, HAPA worked with Lea & Braze, a Hayward civil engineering firm, and Terrasearch, a Livermore geotechnical engineering firm, on the Quarry Village team. Terrasearch produced a very useful report on the geology of the quarry site. The main thing they found was a major fault trace east-west across the middle of the quarry.

The Terrasearch report made me reconsider my thoughts on how best to grade the area to build Quarry Village. The plan, at the time, moved 100,000 cubic yards. Too big an area was flat. I was considering moving dirt around to give us better drainage and less cliff around the knoll. We could lower the knoll, get more fill, till get views to the west, and reduce the uphill walk for knoll-dwellers. If some area on the north could drain into or toward the creek, the slope southward would not have to be so long and there could be less total fill. Historically, the

creek took runoff from the hill that used to be there. However, using the creek comes with all kinds of regulatory issues. I needed to consult with an engineer.

Meanwhile, I managed to find an architect familiar with structurally integrated panels and three-story modular construction. He would be able to help me with some critical cost estimates.

Council to Staff: Study Quarry Village

[Based on HAPA News September 8, 2008]

Back in November, 2007, the Hayward City Council unanimously directed staff to study Quarry Village. It came as a surprise to us, then, when the staff told City Council it did not want to study Quarry Village. By way of background for you, staff had decided to frame three alternatives, one for market potential or economic feasibility, one from community input, and one from public agency interests.

The economic feasibility alternative was for medium density residential because the economic consultant, Strategic Economics Dena Belzer, had told them it was most economically feasible. I do not know what staff asked of the Belzer firm or what the firm answered. Staff may have asked what uses were most economically feasible without informing her about Quarry Village, or the firm could have done what many do, dismiss the option of a reduced-car development without really studying the market for it.

The community meeting alternative was for single family, claiming or implying that the community did not want Quarry Village studied. There was a community meeting in which people put stickers on a board to express their preferences. It appears that these stickers got counted and interpreted as an exclusive preference for a land use to the exclusion of others, when in fact there was strong support at that meeting for studying Quarry Village.

The third alternative was based on public agency input, in this case a representative from the school district to the City's 238 land use planning process. This alternative was for a middle school, despite the site being far too large and the lack of funding. In 2005, the Hayward Unified School District Board approved an expensive, consultant-developed plan for the improvement of Hayward school facilities. The School Board has planned a series of bonds, and no new middle schools were contemplated. The HUSD representative did not have an official board decision to support a middle school on the Quarry Village site. Furthermore, allegations about the lack of enough space at Bret Harte and the impact of the earthquake fault zone ignore the HUSD's potential to get space from the HARD corporation yard adjacent on the east side. Finally, locating a new school at the quarry would not assure special support from CSUEB Hayward, which could help Bret Harte where it is.

The three alternatives were based on an arbitrary scheme and could have been based on reasonable options given the nature of each property and neighborhood. Fortunately, in most cases, the alternatives were a good basis for study.

My view was that the Quarry area should be studied for a Quarry Village-type of development, a mid-to-high density development like City View, which is adjacent to the quarry up Carlos Bee Boulevard, and some kind of single family residential development. A green mid-to-high density alternative would be a fallback for Quarry Village.

On June 7, at the Work Session with the Planning Commission, Gail Lundholm and Lisa Brunner spoke up for Quarry Village. Doris Rodriguez said that she had received a number of

comments from people in support of Quarry Village. Planning Commissioner Barbara Sacks asked good questions about how the fast track for Spectrum differed from consideration of Quarry Village. When Mayor Sweeney went around the table for opinions, all but one Council member said Quarry Village should be studied.

The staff gracefully executed a 180 degree turn and we hashed out very quickly a new designation, Sustainable Mixed Use, that supported the Quarry Village concept and could be applied to other areas of Hayward, like South Hayward BART and Downtown.

Citizens to City: Study Quarry Village

On June 8, there was a public workshop on 238 land use, and again Quarry Village was the most controversial topic. There were a few outspoken people who really did not like what they thought Quarry Village was and had no interest in letting facts interfere with their opinions. Again, Quarry Village was saved by its supporters speaking up: Evelyn Cormier, Kieron Slaughter, Brian Stanke, Joy Rowan, Bruce Barrett, Steve Murtaugh, Gail Lundholm Audrey Lepell, Debbie Frederick, and Lisa Brunner.

A straw vote was taken to see if Quarry Village should be studied, and people seemed evenly split. This may have been the first time in the history of the State of California that local people spoke up for a sustainable high-density development.

Another issue in the 238 surplus Right of Way (ROW) is what to do in old Hayward neighborhoods along Fourth Street. Staff suggested commercial and high density along B St. with low density residential behind. Frank Goulart advocated emphasizing historical preservation and growth that could be a somewhat higher density but would respect the architectural values of the area. His idea of a "Preservation Park" for the block east of Fourth St. and north of B St. was accepted for study; congratulations to Frank.

New Council

On July 8, Francisco Zermeño and Anna May join City Council, replacing Doris Rodriguez and Bill Ward. Based on their Sierra Club questionnaires, interviews, and comments at the EIR scoping work session, they supported studying Quarry Village.

On July 30, the scoping meeting covered what should have been studied in the EIR. I gave the City ideas about how to study traffic from Quarry Village and asked to have a meeting with staff and the Dowling consultants. I got no response and expected none; I appreciated being asked for ideas about how to do it. The process was designed to be in-house except for scheduled public workshops and meetings with City Council.

A word on Quarry Village financial analysis

The best measure of profit is called Internal Rate of Return (IRR). Quarry Village involves four big investments, two of which would be loans and two of which would be equity, or direct ownership. One set of loans and equity is for acquisition and development (A&D), which takes the project to the point where building foundations can start, and the second set is for buildings. I estimated the lender for the A&D loan could get an IRR of 8.89% on an 8% loan, and the lender on the housing loan could get 14%, also on an 8% loan. The A&D investors could get 27.5% profit and investors in buildings could get 99.7% profit. Changing the assumptions causes large changes in the results. For the housing loan, for example, charging a point on such a short-term loan is not justified, and half a point would make the IRR more reasonable. For investors, a higher lot sale price would increase the return to the A&D investors and lower it to the housing

investors, for a better balance. In practice, what is most important for IRR is how fast the units sell and secondly, their price.

2009

In 2009, the Hayward City Council, at HAPA's urging, included the QV concept in planning for the future of the SR 238 Bypass ROW. The Council did a program EIR on the corridor, designated the quarry area as Sustainable Mixed Use, and zoned the area with the same name.

May 2009: Quarry Village Inches Ahead

By May 2009, HAPA found someone to help with the site planning of Quarry Village. Bryan Albini, a site planner and 2008 graduate of CS Polytechnic U, Pomona, was working on Quarry Village. He was doing three short term projects - 1) improve the Quarry Village site plan, following some tight constraints, 2) improve the Quarry Village site plan without adhering to the constraints, and 3) make these plans into attractive pdfs.

Meanwhile, Lois Fisher had developed a proposal for "Italia Village," a condo project with more parking and about half the number of units of Quarry Village. We were polishing a proposal with both projects to show potential green investors.

Hayward housing prices had crashed, losing about half their value over two years. The impact on raw land values was probably worse because it would be years before development became profitable again. With raw land values down, options to purchase them also must be down. An option is an agreement to buy at a certain price by a certain future year. The seller needs just enough money to justify not getting paid for several years. If the option holder does not buy the land, the owner can sell to someone else in the future, and not lose money by the delay.

May - June 2009: Quarry Village in the Media Spotlight

[Based on HAPA News June 10, 2009]

With the land use and zoning issue for the 238-corridor looming, Quarry Village managed to fall into the media spotlight. It started with a *New York Times* article, front page no less, then a *Chronicle* article, front page too, and polished off with two radio reports and a Channel 2 News spot.

"In California, the Hayward Area Planning Association is developing a Vauban-like community called Quarry Village... accessible without a car to the Bay Area Rapid Transit system and to the California State University's campus in Hayward," said the *New York Times* in its article.¹ The article focused on Vauban, Germany, an upscale community living purposefully without the automobile. Vauban's streets are virtually car-free with the exception of the main thoroughfare.

"Hayward, an East Bay suburb not known for pushing progressive ideals, quietly has laid the groundwork for a radical experiment in environmentally conscious living – a nearly car-free housing development," said the *San Francisco Chronicle* alluding to Quarry Village.² The article focused on the concept of "smart growth"; de-emphasizing the automobile by developing near public transit and also mentioned Vauban's car-free community.

¹ Rosenthal, Elisabeth. "In German Suburb, Life Goes on Without Cars", *The New York Times*, May 11, 2009.

² Selna, Robert. "1,000 units, near car-free, planned in Hayward", *Chronicle*, (San Francisco, CA). June 8, 2009.

2010

In 2010, the federal case from the 1960s came to an end (mooted), a state case relating to Caltrans tenants was settled by stipulation to a housing program, the California Transportation Commission approved the Local Agency Transportation Improvement Program pursuant to a special state law for the SR 238 Bypass, which authorizes the use of funds from the sale of surplus right of way for projects in central Alameda County, and the CTC also approved the abandonment of SR 238 (the existing route from Industrial Blvd. to Apple Ave. and the proposed by-pass route), SR 92 (non-freeway link), and SR 185 (Mission north of Jackson). Arterials that once were state routes are now controlled by Hayward, and the surplus right of way, including quarry area properties, can be sold.

Also, in 2010, HAPA won its suit against the CSU system, which was trying to build a parking structure without studying alternatives, as required by CEQA. The decision stopped the structure and protects our ability to persuade the CSUEB administration to implement the "Beeline Bus," which would be fast, frequent, and free for student riders, and would be coordinated with the Village Bus to double the level of service, reducing headways from 10 to 5 minutes, with increased ridership for both Bayview Village and the CSUEB campus.

Email between me and Mark Weaver of Caltrans District 4 and information from Caltrans in Sacramento indicates that the property will be sold at public auction or by RFP, probably by option purchase, allowing two years to find financing for project.

With Caltrans free to sell the land, and with Caltrans and the City of Hayward supportive of the project (but not able to subsidize it), it becomes more urgent to find a developer interested, at a minimum, in optioning the property.

September 2010: Quarry Village

By September 2010, Andrew Silverman of Zeta gave HAPA construction cost estimates and specifications for two of the unit types that we were planning for Quarry Village. The costs turned out to be too high; the reason turned out to be the cost of the "green energy."

I decided to split the green energy costs from the rest of the building and to imagine that the buyer of a Quarry Village unit would get a loan to pay for the Green Energy. Then we could compare the cost of the green energy with the average PG&E bill.

I also had problems with the estimates of the cost for the solar thermal and solar photovoltaic systems. I did a lot of research and also talked to two new HAPA consultants, David Springer and Bill Dakin at Davis Energy Group in Davis, CA. The best thermal energy may be a 4X10 foot roof collector that heats water directly into the hot water tank. The hot water tank has an electrical heating element near the top for winter days when the collector only manages to pre-heat the water. This system can also have a small "drain back" tank that allows the water in the collector to drain out if the system gets too hot or too cold. I was unsure if the minerals in Hetch Hetchy water could build up on the collector. If that became a problem, we would use a DBHX (drain back heat exchange) system. The DBHX system uses distilled water and an 8-gallon heat exchange tank. The heat exchanger then has a second pump and connection over to the hot water tank. The DBHX system is more expensive than a drain back system using house water.

The photovoltaic system also was difficult to figure out because the technology was changing and costs were coming down. I got the best advice from Matt Brost of Sun Power. It

looked like the photovoltaic system for about 3KW was going to cost about \$19,500 all in. The thermal looked like it would cost about \$4,000.

When we put this new information into the building costs, it turned out that the green energy still cost more than the average PG&E bill, but when we put in tax rebates and incentives the green energy costs less. It was that close.

In working with Zeta, I realized that I needed new floor plans that matched the widths of the modules that would be built in a factory, from 10 feet to 16 feet wide. The Zeta estimate was based on the new floor plans.

Another reason for new floor plans was to redo the site plan. So, I did in fact redo the whole site plan and used a new concept for how the walkways would work. Evidently, we could get a few more units on than previously planned. The layout of these new building footprints was now the basis for a new grading plan.

Jim Toby of Lea & Braze Engineering had produced a new grading plan using AutoCAD, which I should have done in the first place. I was hoping to get by with about 120,000 cubic yards of cut and fill but it looked like it was going to be more like 190,000 cubic yards; still not too bad for a site of this size.

Dave Jacobson had been diligently working on our very complex proforma. We were really getting close to having something to take to investors. Dave had been educating me about how much everything cost, and the numbers looked somewhat negative at this time. Our costs were too high or our absorption rate was too low. Once we had everything in the model and some estimates, we could go through it and figure out what to do. At this time, we had all of our costs and needed to start working on our cash flow over time.

December 2010: Quarry Village

By December 2010, I had been working with Dave Jacobson, a real estate investment consultant, on developing a professional proforma. I had to develop a lot of information by going to various consultants. For the land improvements, my major consultant had been Jim Toby of Lea & Braze of Hayward. For building, my major consultant had been Andrew Silverman of Zeta Communities. The proforma spreadsheet has many tabs; the summary tab is on cash flow. Cash flow summarizes how the whole thing works financially. It starts at the top with all of the revenues laid out for a 7 to 12-year period. Then comes land purchase, entitlement, and design. Then comes land improvements.

The next major section deals with housing and other "vertical construction." in the initial phases, all the spending shows huge deficits, so the next part of the proforma shows how all of this spending is financed by investments and loans and how those investments and loans are paid off, interest is paid, and profits are distributed. We finally reached the bottom line, which shows the internal rate of return for the investors.

This rate of return is highly influenced by the cost of mass grading, housing cost, interest rates, and the interplay between the prices of the units and how fast they can be sold. For a mid-length estimate of 36 units sales per quarter, we show an internal rate of return of about 20%. This was not very high, and our housing prices were definitely higher than the current, depressed market. Obviously, we would have to wait for the market to recover. Meanwhile, we needed to find investors so we could get control of the land.

We started work on a Private Placement Memorandum (PPM), following SEC rules, to make our pitch to investors. It would include the proforma, the site plan, acreage data, phasing, engineering report, market study, the opportunity, the risks, and more.

The goal of Quarry Village buildings was to be self-sufficient in energy, using no fossil fuels. The concept is called zero net on the grid, which means that over the course of a year the project will take energy off the PG&E grid about equal to what it is able to generate onto the PG&E grid. For a long time, the plan was to have a combination of hot water panels and photovoltaic (PV) panels on the roof.

I discovered PVT Solar, a new company that combines thermal and PV panels. For most of the array on the roof, the PV panels have a space underneath that heats air that moves upward to a top row of thermal-only panels. The hot air then goes to a heat transfer module which heats water and air for the house. The system meets about 75% of the hot water need with the rest supplied by a heating element in the top of the solar hot water tank. The system provides only 20% of the space heat need, the rest of which can be met by adding a heat pump. The heat pump, oddly enough, can also work in reverse to cool the air. Because the PV panels also generate hot air, the overall system is more efficient than two separate solar systems. Almost the whole system can go on a flat roof with the panels on tilt racks and the equipment underneath. I had been talking with PVT Solar and conferring with Davis Energy, an energy consulting firm in Davis, about the Quarry Village energy system, and now I had a pretty comprehensive spreadsheet. If we use natural gas, the whole system is energy self-sufficient with less than 3KW of DC (Direct Current) capacity on the roof. Three floors of living space could be served under one roof.

The quarry site is going to take a lot of grading. I kept trying to reduce it, and the engineers kept telling me I needed to do more. They seemed to think that water drains downhill, and this creates all kinds of problems for a large area that is too low to drain. The solution seemed to be to lift up the main quarry floor to be a low hill that drains north towards the creek and south toward Carlos Bee Boulevard. On the west side is a knoll which can be higher or lower depending on the amount of fill we need. The engineers had run a very sophisticated AutoCAD volumetric computation which told us that we needed to cut about 130,000 cubic yards. This amount of cut also seemed to be pretty close to the amount of fill we would need. The grading makes almost the whole project ADA compliant with very slight grades. The small southern part, visible from Carlos Bee Boulevard, and below 300 feet elevation, will be graded only for building pads.

February – June 2011: Quarry Village becomes Bayview Village

[based on HAPA News February 8, 2011 and June 7, 2011.]

By February of 2011, HAPA was considering a name change for the Quarry Village proposal. A Marketing class at California State, Hayward discussed and ranked words and names. The winning combination ended up being: Sunrise Village. I asked HAPA News members for their input on Sunrise Village and asked them to rank words and names.

I took all the input to a HAPA Board meeting for a final decision. The Board agreed the new name would be: Bayview. Dave Johnson, our investment advisor, kept calling it Bay View, but my thinking kept drifting to Bayview Village. It has the same poetic cadence as Quarry Village and I feel that 'Village' most closely conveys the aesthetic we were trying to accomplish.

At the same time as the name change, Jim Tobey, our civil engineer, was finishing up a final report on cut and fill for good drainage and on staging the grading; Susan State was finishing up her report on marketing and how fast various kinds of housing units might sell. Dave Jacobson was using that information for a final revision of the Private Placement Memorandum (PPM) and the financial pro forma. Susan predicted a slow absorption rate based on her many years of experience, and we were hoping that her experience was not all we needed to know for the new kind of market we hoped to reach. I was also working on the PPM and on revising the list of investors we might approach.

I felt frustrated by how long this was taking and hoped that we would soon be able to approach real investors with our fantastic proposal.

Au Ta was a landscape architect who recently started helping me with visualization of the facades and village center for Bayview Village. We had some really nice drawings of a three-bedroom townhouse and a two-bedroom sixplex.

September 2011: Bayview Village

By September 2011, we had done extensive work on Homeowner Association dues and assessments. Sketchups of the site also had been drawn.

As a quick refresher, Bayview Village is a proposed development of a geographically distinct area between the California State University, Hayward campus and the Hayward BART station. We propose about 1,024 units, mostly three story, from studios to 5 bedrooms, condos and townhouses on about 24 acres. Most of the area is car-free, with homes served by walkways, all less than five-minute walk to the Village Center. The Center has a store, café, community center, square, and busway. The project owns a shuttle bus service running every ten minutes to BART and downtown Hayward at one end and up to the campus at the other. The project does not ban use of cars; it has 100 spaces on site leased at market rates, off-site parking, on-site car share/rental, and taxi vouchers, all to supplement walking access and the shuttle.

People connected with California State, who use BART to get to work, are retired, and home office workers should often have travel patterns supported by Bayview Village. Other features of the project are environmental sustainability, affordability, pleasant walking for health, universal design (e.g., no curbs), and community.

Low-rise row housing is inherently energy conserving, reinforced by design, with roof solar systems, net zero on the grid, providing all space heat, space cooling, hot water, air filtration, and air renewal. We expect LEED platinum.

I had been working on neo-Victorian design and colors, an estimate of homeowner association dues, and the tension between two federal laws.

Under one law, IRS 501(c)(3), the money I spend through HAPA on the project's expensive but excellent consultants is tax deductible, because it is for scientific and education purposes, and thus the results have to be made public. For example, we have a lengthy and outstanding proforma laying out all the revenues, expenses, investment, loans, and timing information. The 12-year proforma shows, for example, revenues of \$353 million, expenses including loan interest of \$292 million, maximum loan exposure of \$44 million, equity needs of \$9.7 million, and a return on investment of just over 30%.

Under the other law, SEC Regulation D, only qualified investors can be asked for funds, and only through a Private Placement Memorandum with full disclosure and warnings about risk, by a numbered hard copy that cannot be circulated. But it would be illegal to promote a profit-making investment using tax deductible funds. Hopefully, public information is different from asking for investment.

[Find the 3D designs on IPC when available for visuals.]

March 2012: Bayview Village

By March 2012, I contacted the Urban Land Institute looking for someone who might help with Bayview Village. They put me in touch with Charlie Long, one of their leaders for sustainability. He is a member of the ULI (Urban Land Institute) Public/Private Partnership Council and a ULI faculty member who teaches about real estate development. Over the years he has participated on 14 ULI advisory panels and was co-chair of the ULI Sustainability Committee for the San Francisco District Council. Charlie Long is the author of *Finance for Real Estate Development*, a ULI book published in 2011.

We were far apart at the moment on parts of the proforma, but he had a couple of ideas on how we should go forward. One of them was some kind of a public/private partnership. Another idea could help us deal with the "parking problem"—that is, the lack of parking in Bayview Village. I thought it was possible we could sell the project with a ratio of one parking space per 10 housing units, but nobody else in the business agreed.

The issue remained; how can we reconcile reduced automobile dependency with so much parking? We can decrease the number of units by eliminating a building and putting in parking. This parking will be leased, not sold, to the people who buy units nearby. They will pay a market rate, that is, what they are willing to pay—probably something between \$50 and \$150 per month. This rate goes up and down from time to time according to demand. The homeowners leasing the parking may figure out that they are better off parking their car offsite or giving up the car altogether. If the homeowner decides to give up their parking, then new units would be built on the vacated land and the homeowner would be paid for the land. Thus, they have a financial incentive to reduce their dependency on having a car close by. They save by not paying for parking and by not owning a car, and they get money for the land, all based on the underlying economic realities. The increased parking also increases our ability to get financing for the project.

June 2012: Bayview Village

A 2012 headline read "Close to 'tipping point' of global warming." I disagree; I think it's too late because of the inertia of the oceans and the inertia of American car culture. The problem with our culture is not only, or even primarily, dependency on cars, but on the dozens of ways markets are tilted by indirect pricing to favor use of cars, undermining the productivity of the whole economy. Few Americans understand the need for pricing reform, let alone the gradualist policies that would work and also have other benefits. It may depend on how much their thinking is governed by a commitment to cars as the dominant mode of everyday personal travel.

Do real estate investors think about how to profit from global warming?

We've been trying for many months to find investors with no luck, but we're still looking for investors willing to spend some time studying Bayview Village. It is not your typical investment.

- It is not something you would look at and decide; it takes time to understand the many ideas involved.
- It is not small; at over 1,000 units it is a very big project, reducing the number of potential investors.
- It is not based on the conventional system of cars next to bedrooms, nor is it at all car-free; it proposes a multifaceted and flexible alternative mobility.
- It is not based on any life-style market, which could work in the inner bay cities, but rather on affordability, providing combined housing, energy, and mobility at a far lower cost, and with more amenities.
- We don't need a lot of equity up front, just enough to control land, and pursue entitlement while seeking debt funding.
- It could involve a housing agency if we can get the state to approve unbundling.
- It should include a public-private partnership to reduce up-front land costs while giving Caltrans a good return as houses are sold.
- It is not based on today's miserable market; it is based on markets four-five years from now—financial, a return to usual home-ownership, some price recovery, more concern about gas prices and a desire to live in a friendly, sustainable community.

We're not looking for managers; we're looking for entrepreneurs. How do I reach more people with big bucks who are interested in a nationally significant proposal for a sustainable neighborhood?

I was revising the project to incorporate the concept of "transitional parking." The idea was to put hopefully temporary parking in Phase 11 while people buy units in Phases 1-4. If necessary, we can add temporary parking in Phases 10 and 9. Transitional parking gives people a chance to figure out if they really need to have a car close to their house, and also gives the HOA managers a chance to make an extra effort to find ways to meet the mobility needs of residents. We can use the initial HOA dues cash flow to hone the options to meet needs.

People might find, for example, that they can keep their car parked cheaply off site for longer trips like vacations, and use the bus, the zip car, taxi vouchers, for other means for most of their trips. Part of the idea also includes giving residents a big financial incentive to not have a car on site. I'm trying to figure out the opportunity cost of the parking; it might run about \$300/month to lease a space. A resident could save \$3600/year by giving up the leased space.

I talked to Professor Rick Peizer at the Harvard School of Design. He reminded me that Bayview Village is really a very big project. I suspect conventional real estate investors will continue to ignore it, so I'm hoping someone who has struck it rich in the Bay Area might get intrigued enough to share the vision.

June 22, 2012: Request to Caltrans

On June 22, 2012, HAPA sent a letter to Caltrans District 4. The Bayview Village proposal was on land originally planned for a freeway. We the freeway idea died, Caltrans had an

abundance of right-of-way to sell. By late 2011/early 2012, Caltrans began auctioning parcels. I requested Caltrans delay auctions where Bayview Village was planned.

Our letter began, "HAPA requests that Caltrans delay selling properties at 1175, 1187, 1199 Overlook Avenue in Hayward. They are in the middle of a larger area planned for a large sustainable neighborhood. Sale would undermine land assembly and thus jeopardize the whole project. HAPA has promoted the concept for several years and it was supported by the City in the 238 Land Use Study, which Caltrans helped fund."

Caltrans did not have to respond, and they didn't.

September 12, 2012: HAPA and City Discuss Bayview Village

Dave Jacobson and I met with City staff on September 12 to talk about next steps for Bayview Village. We met with Assistant City Manager Kelly Morariu, Community Development Director David Risk, and Public Works Director Morad Fakhrai. HAPA had been thinking about some kind of partnership to acquire the land from Caltrans, but it was very clear that it would take way too much time and effort to accomplish. HAPA and the City agreed to talk to Caltrans about selling the quarry area properties as one parcel. Caltrans had already sold four single-family houses in the Bayview site plan area, which would have to be acquired later if possible.

HAPA's understanding of the law for selling Caltrans properties is that Caltrans must sell the land at auction with an option allowing two years to line up financing. The City has an interesting thing that it can do, a Request for Interest, or RFI. The City is working on an RFI for some other properties near Carlos Bee Boulevard on the east side of Mission. When that RFI is underway, the City could do one for the quarry area, in coordination with Caltrans. An RFI looked to be very helpful in educating potential investors about this property and finding out if any are interested in making a decent offer to purchase. The zoning is Sustainable Mixed Use and parking is restricted because the development is supposed to provide mobility without using personal vehicles. HAPA and the City also seemed to agree that Caltrans should try to sell the land in 2013.

January 2013: Bayview Village

By January 2013, I had been busy with a report on the Caltrans properties, preparing an e-book on Bayview Village, and a long narrative on the Route 238 Bypass project. We had made no progress on finding investors for Bayview Village, so I had been seeing if Caltrans and the City of Hayward would sell the land sooner rather than later. On December 17, 2012, I talked to Assistant City Manager Kelly McAdoo about the City's schedule. There were five City staff that had a lot of irons in the fire, one of the most important was managing the disposition of the Caltrans properties. Most of the houses to be sold to eligible Caltrans tenants have been sold. The Bunker Hill area, however, had been a special problem because of the need for major infrastructure: streets, drainage and storm drains, water and sanitary sewers. Bunker Hill had taken a lot of time, as had development near the South Hayward BART station. John DeClerk was the City's property development specialist working with BART and the developer on a condominium project and an Eden Housing project on BART parking east of Dixon Street and the Perry & Key property. The City consulted with Nelson Nygaard about how to manage parking for BART for the spaces which would be lost to development.

Making progress on Caltrans dispositions depended in part on springing DeClerk loose from the South Hayward project. His first Caltrans project would be issuing a Request for

Interest (RFI) concerning Caltrans and City properties east of Foothill Boulevard and north/south of Carlos Bee Boulevard. An RFI goes out to investors and developers to see if they are interested in buying and developing the available vacant properties.

While Caltrans has had problems managing the disposition process, they brought Robert Macpherson back from retirement, who until recently had been in charge of the properties and was very knowledgeable about the complex Caltrans disposition process.

All of this was happening too slowly for me and I did not have any way that I knew of to expedite the process. However, I was hopeful that once the Mission/Carlos Bee RFI is out the door, the City and Caltrans could expedite selling the quarry area ahead of other properties, excepting properties with existing structures. These properties included single-family houses, multi-family houses, and offices, and needed to be sold before they deteriorated further.

For various reasons, seven houses on Overlook Avenue have been sold or were about to be sold, complicating the Grand Plan HAPA had been working on for Bayview Village. I was hoping the old quarry and related Overlook properties would be sold at auction as one package to a new owner, who would then decide what to do with HAPA's Bayview Village planning and choose to involve HAPA in their development.

In due course, Robert Bachtold took over the auctioning process and slowly and relentlessly in a few years sold off all the small properties at great profit to the LATIP fund. Nine larger properties did not get sold and were eventually bought by the City by option.

April 2013: Bayview Village, Still No Investors

[Based on HAPA News April 2, 2013]

Our quest for investors had proven to be fruitless thus far. We paid \$3,147 for an advertisement in the *San Francisco Chronicle*, but nobody responded. In April 2013, we sent the following forum piece which went unpublished:

“The Hayward Area Planning Association (HAPA) is promoting development of a large, new, green neighborhood near California State University East Bay in the Hayward hills. Bayview Village is feasible and would demonstrate how to solve a major problem generally overlooked by the climate movement: overcoming a vast, auto-dependent suburbia, driven by the underpricing of cars in the whole economy, that is, the economy of all values, not just the economy of money.

Bayview Village is the only large, strongly sustainable project being proposed in California. Bayview has the mutually reinforcing goals of affordability, sustainability, alternative mobility, good design, health and safety, and community. The market already exists among BART riders, people at the university, home businesses, the retired, environmentalists, families, disabled, and other demographics, to build out in 12 years.

HAPA, a small, non-profit group, has spent over \$200,000 researching the idea in great detail. A private investor or developer would control the project and should get a good return on equity. The website, www.bayviewvillage.us, has HAPA contact information, proformas, engineering and market reports, pictures, drawing, descriptions, analyses, and an eBook, ‘Creation Care for Neighborhoods; the Quest for Bayview Village.’

The climate movement seems to have little awareness of how to deal with one of the elephants in the room. Suburbia cannot be changed all at once, or even gradually, because the underlying system itself is too costly and destructive. Neither business nor enviros study

neighborhood as systems. Smart growth has support but, while worthwhile, smart growth usually increases and subsidizes parking in the process of redeveloping around transit.

With more awareness, Bayview would have been funded by now. HAPA has been studying neighborhood systems for decades, and making great intellectual progress, but we're not getting anywhere in the climate movement. We've done hundreds of emails, mailings, and telephone calls. We ran a full-page ad in the Chronicle. So far, we have not received a single contact from any investor.

We don't think the usual investor will respond and that it will take a well-funded person, foundation, or similar entity who cares enough about climate to learn about something new. Our Bay Area has the wealth; we have individuals who have made the fortunes and who have the brains, but we in HAPA don't know how to reach them.

The opportunity is slipping away as Caltrans sells the parcels that are needed for the economies of scale necessary for systemic sustainability.”

Bold new directions for Bayview Village

[Based on HAPA News April 2, 2013]

By April 2013, we got Steve Coyle of Town-Green, a design consulting firm that does new urban projects and is based in Oakland, to do a long critique of Bayview Village. His critique focused mainly on the apparent lack of parking. He proposed bringing in two experts in other areas for a brainstorming session of about three hours, to get some new ideas.

A parcel on 1155 Palisade was being auctioned by Caltrans April 24 along with adjacent vacant lots. I was considering buying it as a business because it was part of Phase One, which was crucial for the larger project, and was small enough to be more feasible as a first step. This work was profit oriented and could not be part of HAPA.

The work included revising the site plan and proformas for the small project, rethinking parking and how to start with a single building project with more parking and transition to less to regain land needed for more buildings, setting up an LLC as a corporate entity to manage it all, meeting with an architect and engineer to review costs and concepts, and working with an investment consulting firm to go to small and larger investors.

As for HAPA, our effort to get funds for the whole project had not worked. I was thinking we could persuade the Sierra Club to give more support, going from the local Group, to the Bay Chapter, to Sierra Club California, to the national board, to have it recognized as a project of national significance for dealing with climate change.

On May 22, Caltrans sold the house at 1155 Palisade to a young couple that bid \$408,000. I bid up to \$403,000. My bid limited was \$400,000, but I would have likely lost a little money even at that unless I got a high rent or self-managed. I was planning to see if I could become a “developer,” but I did not want to take too big a risk with my money.

I hoped to establish a corporate entity that an investor could use to pursue the Bayview project. I sent a request for incorporation to The Franchise Tax Board and the Secretary of State for approval of "Quarry Village, LLC." (The name "Quarry Village" was back by popular demand.) This entity could be taken over by some investor, or an investor might give us funds to staff up, get control of the property, and apply to the City for development.

Still, there was no luck finding any investor, even to make a pitch to. They definitely travel in circles a lot higher than mine, which may explain why they do not answer my mail,

answer emails, or return telephone calls. What to do? I considered working with a firm in Oakland called Cutting Edge Capital, which specializes in helping startups and may be able to find investors. I also wanted to see if I could persuade the Sierra Club to contact upper level climate change activists who have wealth or connections to wealth and might be willing to listen. On a farther out, more speculative effort, I wanted to make a few videos for YouTube that could help get some attention for neighborhood systems and Bayview.

It occurred to me that one reason investors were not interested in Bayview was because the neighborhood systems were generally not understood in the climate reform community. Advocates are aware of the benefits of "smart growth" relative to suburbia, but generally have not thought much about bolder, more effective forms of smart growth. In my eBook, *Creation Care for Neighborhoods and the Quest for Bayview Village*, I cover a large number of new concepts: whole economy, transportation pricing reforms, mode diversity, location decision, short corridor shuttles, land-based shuttle finance, neighborhood systems, the five major goals of neighborhood systems, functional density, the grocery store trip, as well as typical sustainability topics.

October 2013: Quarry Village Became Bayview Quarry Village

With no investors forthcoming for the Quarry Village project, Caltrans was auctioning off small properties on Overlook Avenue. Seven houses and six vacant lots have been sold by October 2013.

The largest parcel, the old quarry, remains and has space for 78% of the original Bayview concept. Caltrans can auction off the land any time it chooses but is unlikely to do so until it has disposed of many smaller properties, which would end up taking upwards of four years. Caltrans was auctioning off many properties every month.

I talked to the City of Hayward about doing some kind of "request for advice" to investors and developers, but the City staff was busy with many other priorities and was unable to help. It was also difficult to know how to get such advice without pestering the wealthy and the knowledgeable a lot.

Earlier in 2013, I had planned on retaining Cutting Edge Capital to pursue a public offering under California law to raise funds from small investors sufficient to create a company that would pursue Bayview Village. I even created a legal corporate entity, Quarry Village LLC. The San Francisco Study Center, HAPA's fiscal sponsor, had questions about how it could justify spending tax-deductible money on a profit-making entity. I conferred with Jenny Kassan, the CEO of Cutting Edge Capital, as she is also an attorney in this area of law. She thought it was permissible and had some examples.

The S.F. Study Center, however, gets legal advice from Adler & Colvin, a high-cost law firm in a high-rise building. I spoke at some length with one of their attorneys and it became clear that an opinion letter from them would be very expensive, and an informal email would also be costly. The attorney also was unwilling to hazard a probable opinion. Therefore, I had to make a judgment that the cost of an opinion, and the probable outcome of the opinion, and the probable success of a public offering, were too small to be worth the expense. I would still like to find a way to work with Cutting Edge Capital, but how remains to be determined.

Given the above, I had to think of a new way of finding investors for the Bayview Quarry project. After all, Bayview Quarry LLC was pretty much like the emperor's new clothes, not even

dressed let alone with anyplace to go. So, I decided to ask the richest possible people to invest in the project and sent letters to a list of 36 billionaires, especially in the Bay Area. I also somehow got an article that Bloomberg published about private banks, which are special offices within larger banks which cater to wealthy individuals and families. They have staffs which provide great advice to manage great wealth, something I do not know anything about personally. However, it occurred to me they might be more willing than their clients to, at least, open mail before they throw it away, so I also sent mail to 12 private banks in the Bay Area.

I have an investment database with a dozen more lists of various kinds of entities such as developers of three-story townhouses in the Bay Area, and foundations which are concerned about climate change, which I was also sending messages to. The high priority lists would get hard copy; the less promising would get emails.

Assemblyman Bill Quirk has been amazingly supportive of the Bayview proposal and, not only that, he answers his email. For example, he helped me find a very interesting report on how the State was planning to spend many millions of dollars in the cap-and-trade fund. This fund allows the City to get money for more detailed planning for the Bayview project, pursuant to regional planning under SB375, and it seemed to allow Investment by developers in smart growth projects.

The first step would be to persuade the City Council to support in concept the Bayview proposal, which would be a step beyond the Sustainable Mixed Use (SMU) zoning which they have already approved. Then the Council could get some advice from staff about what makes sense and could approve staff spending some time to get a planning grant for a Bayview-style project. Clearly, anything close to the Bayview idea would be by far the most progressive, most sustainable, most affordable, project in the State of California.

In years past, I have been active, not as HAPA President, but as a senior conservation fellow in the Sierra Club, in political endorsements in Hayward. Last year, I was frozen out of the Club process and it made me re-think how an endorsement process might work. I decided to write up a bunch of "ideas" for Hayward on a lot of topics, not just HAPA topics, and circulate them to some friends. I was thinking about a process involving individuals, where we would put down in a fairly long document the policies we would like to see for Hayward. We would get up to speed on what other people were doing around town and then use the document to educate the mayor candidates and get their positions on our issues.

January 2014: Bayview Quarry Village

We concluded our mailing program in early January 2014. Starting in September 2013, we sent 8 mailings on several subjects: The Crisis of the Anthropocene; Creation Care for Neighborhoods Quiz; Project Description for Bayview Quarry Village; Drawings of Facades and Streetscapes; Green Housing, Energy, and Water; The Pro Forma or Financial Plan; How Alternative Transportation Would Work; and, finally, How the Project Would Be Marketed.

We sent these little reports by mail and by email, along with cover letters, to several kinds of organizations: wealthy individuals, private banks, builders and developers, foundations, the media, climate groups, Bay Area environmental advocacy groups, and smart growth advocacy groups. While this was an interesting and challenging exercise, it did not produce any significant results.

The City of Hayward had a new Economic Development Director, Lori Taylor, and I met with her on January 14, 2014. She was underwhelmed with my efforts and told me that my approach so far was impractical. I had to agree with her, but this did not yield an answer as to what I should be doing. I was talking to her to get on the agenda of the City Council's Economic Development Committee as a step toward getting a Statement of Support for the City of Hayward for the Bayview project.

The City needs to be on board because then Assemblyman Bill Quirk can have a basis for talking to the key state agencies about what they could do. Those state agencies are the Office of Planning and Research, Housing and Community Development, and the California Air Resources Board. These agencies have proposed an investment program for the hundreds of millions of dollars in the Cap and Trade Fund. The program includes support for alternatives to the automobile and for smart growth, both of which the Bayview project achieves better than probably anything else being proposed in the state.

Lori Taylor and I agree that the City and many of its active citizens are way too optimistic about the amount of retail that Hayward can attract; we see a need to get more smart growth housing to improve that demand. There is also in my mind a separate question of how appealing the empty space on B Street is for modern retail, and how poorly the loop system works for access.

Ms. Taylor, for some reason, did not have time to read the 500-page ring binder that I prepared for her, and not even the 55 PowerPoint slides that had a lot of statistics in them. She indicated that she might be willing to look at 8 slides, so I agreed to give it a try.

The question, "why are developers not Interested in the Bayview Project?" is a legitimate one, but it is the same question as to why they also are not interested in the Green Shutter, large surplus Caltrans properties, the Holiday Bowl, the Bunker Hill area, City properties near Carlos Bee Boulevard, and other "opportunities". We do know that Caltrans was selling dozens if not a few hundred of its surplus single-family houses and small lots, and getting good prices. There was also a new senior affordable project approved on the north side of A Street near the Lucky store, and a condo and affordable housing project on Mission Boulevard near South Hayward BART. Other small to medium projects seemed likely to trickle in.

In due course Hayward may get these larger developments, but Hayward does have the problem of being a somewhat lower-income community with a school system that has a poor reputation. Our industrial areas keep chugging along, but the Mervyns office building never did attract a large office tenant.

But Bayview is special. It pioneers sustainability on a level not seen yet in California, perhaps the nation. The innovations are especially important in the area of providing mobility with less dependency on automobiles. Bayview provides some parking but has many incentives and services to meet people's mobility needs: The Village bus, car share, car rental, guaranteed ride home, taxi vouchers, the Village van, walking, and probably something else I can't remember.

March 2014

HAPA met with Hayward's Economic Development Commission on March 3 and made a 15-minute presentation about Bayview Quarry Village, following the guidelines requested by

Economic Development Director Lori Taylor. Mayor Sweeney chaired the meeting. Councilmembers Mark Salinas and Greg Jones and citizen members Christopher Lam and Navneet Ratti were the other members.

The Question: Will the City support a policy statement in support of Bayview? City support could help get two things developers need: entitlement or near-entitlement (which reduces risk), and guaranteed minimum return on equity investment, but preserving incentive to get a higher return. It is a question of political will.

Commissioners all liked the idea, and had questions similar to those that have been raised before:

Regarding parking:

- It is more of an urban concept and we're in a suburban area. Might be hard to find 700 people willing to give up their cars.
- It would be nice to have something that doesn't depend on cars. It's going in the direction that seems to be a current trend (students and young professionals).
- Project is ahead of its time, especially for Hayward.
- Needs area where people can walk around and shop.
- Zip cars a possibility. Hard to rely on offsite parking.
- Discussion of the cost of providing parking brought up several examples of the real cost of parking structures: I: in a San Francisco study, about 20% of cost was parking. Lori Taylor estimated 25-30K per structures to provide parking. Fran David added that covered parking runs about 33K/space. I shared data from HAPA's current litigation with the City against the CSUEB Hayward parking structure. If students had to pay the full cost they couldn't afford it. Parking structures don't pay, are subsidized by other activities.

Regarding finding a developer:

- It would have been nice to have developer sitting here to bounce ideas around.
- City has invested a lot in the Mission corridor, it could be a healthy corridor.
- Reality is finding the money.
- Hayward is great location geographically to do something different, yet it's easier to build what we always have, it's easier. But market is changing.
- In City Inventory, there's not another site that is larger, and it is "green," empty.
- Question: "Do these builders exist?" I: he would bring a developer to the table if there were policy support from the City.

Regarding funding:

- Commissioners were impressed with the details.
- Like green concepts and Cap & Trade.
- Problem is with the guaranteed minimum return. How can it be guaranteed? Looks like taxpayers would be on the hook.
- I: \$300 million has been collected and will be spent on transportation related activities. The question is, which one? Fran David added that there is agreement that the money is there, but hard to access because of political wrangling over how to spend it. The big issue is high-speed rail.

Regarding policy support:

- Commissioners' concern was how can we support the concept/project without financially committing to it?

Mayor Sweeney summarized: Commissioners like the concept but are concerned about the City being on the hook financially. People are skeptical about whether the state involvement would support a guaranteed minimum rate of return. Mayor Sweeney asked if Commissioners wanted to forward a resolution with something like the language in the proposal, reiterating that they would like a developer in the conversation. Motion was made and passed unanimously. The Draft Resolution said:

“The City of Hayward supports the Bayview Quarry Village project in concept. The project would reduce use of cars while supporting a high-quality lifestyle. The design proposed has an open feeling because less land is used for pavement and buildings are only three stories high. Residents would still be able to use/ have cars, but there would be more walking and more transit use based on a fast, free, frequent shuttle. The homes would be affordable and sustainable. The project would have appealing design, health and safety, and a sense of community. All this combined would appeal to the educators and high-tech workers we want to live in Hayward. The proposed neighborhood would serve CSUEB Hayward, BART riders, seniors and retired, and people who work at home. The project could be a model for, and promote, more similar development along Mission Boulevard and other areas.”

[Does this matter come to city council on May 6?]

Cap and Trade Fund

Governor Brown’s proposed Cap and Trade Investment Program budget has \$300 million for sustainable communities and low carbon transportation. Assemblyman Bill Quirk wanted to help Bayview Quarry Village, but only if City Council was on board. The Bayview concept would go to City Council on May 6 for a vote.

The Governor was proposing to spend \$850 million from the Cap and Trade fund. The following excerpt is from the Governor’s Budget Summary 2014-2015:

- **Sustainable Communities** - \$100 million in local assistance funding to support regions in the implementation of the sustainable communities strategies required by Chapter 728, Statutes of 2008 (SB 375), and to provide similar support to other areas with GHG reduction policies, but not subject to SB 375 requirements. The Strategic Growth Council will coordinate this program with programmatic work performed by a multi-agency team of departments, including the Department of Transportation, the California Transportation Commission, the Department of Housing and Community Development, and the Natural Resources Agency. Selected projects will prioritize disadvantaged communities and will reduce GHG emissions by increasing transit ridership, active transportation (walking/biking), affordable housing near transit stations preservation of agricultural land, and local planning that promotes infill development and reduces the number of vehicle miles traveled.
- **Low Carbon Transportation** - \$200 million for the Air Board to accelerate the transition to low carbon freight and passenger transportation, with a priority for disadvantaged communities. This investment will support the state's clean air and climate change goals, as well as the Administration's goal to deploy 1.5 million zero-emission vehicles in California by

2025. The Air Board administers existing programs that provide rebates for zero-emission Cars and vouchers for hybrid and zero-emission trucks and buses. This proposal will respond to increasing demand for these incentives, as well as provide incentives for the pre-commercial demonstration of advanced freight technology to move cargo in California, which will benefit communities near freight hubs.

May 6, 2014: City Council Supports Bayview Concept

[HAPA News May 12, 2014]

On May 6, the Hayward City Council voted to support the Bayview concept. The resolution is shown below:

HAYWARD CITY COUNCIL RESOLUTION NO. 14-057

Introduced by Council Member Salinas

RESOLUTION EXPRESSING SUPPORT FOR THE BAYVIEW QUARRY VILLAGE CONCEPT AS DEFINED BY DR. SHERMAN LEWIS AND FOR THE USE OF STATE CAP-AND-TRADE FUNDS FOR SUSTAINABLE AND TRANSUB ORIENTED PROJECTS THROUGHOUT CALIFORNIA, INCLUDING BAYVIEW QUARRY VILLAGE

WHEREAS, the City of Hayward has identified being "GREEN" as one of its three major priorities; and

WHEREAS, Dr. Sherman Lewis has developed a concept, Bayview Quarry Village, that, when and if developed, would be a transit village with minimum vehicle use and low greenhouse gas emissions and would support the goals of the City's Climate Action Plan; and

WHEREAS, the Governor of the State of California and the California State Legislature have developed and implemented a Cap-and-Trade program within the State to fund, in part, programs related to sustainable communities, clean transportation, energy efficiency, natural resources, and waste diversion; and

WHEREAS, Dr. Lewis' concept fits many of these Cap-and-Trade program categories; and

WHEREAS, Bayview Quarry Village will not be able to proceed without substantial funding, both public and private.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Hayward does hereby express its support for the environmental benefits of the Bayview Quarry Village concept.

BE IT FURTHER RESOLVED, that the City Council strongly supports the use of state Cap-and-Trade funds to implement concepts and projects like Bayview Quarry Village and encourages the Governor and the California Air Resources Board to immediately consider Bayview Quarry Village as a high priority for using Cap-and-Trade funds.

IN COUNCIL, HAYWARD, CALIFORNIA May 6, 2014.

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS: Zermeño, Jones, Halliday, Peixoto, Salinas, Mendall

MAYOR: Sweeney

NOES: None

ABSTAIN: None

ABSENT: None

The resolution is signed by the Hayward City Clerk and City Attorney.

After HAPA got support from the City Committee on Economic Development, we went to a number of groups to get their support for the resolution going to Council. We wanted them to know about the Bayview concept, and for Council to know about them. We received several great letters of support: California Interfaith Power & Light, TransForm, Urban Habitat, Transportation Solutions Defense & Education Fund, League of Women Voters of the Eden Area, Ecocity Builders, and Congress for the New Urbanism, as well as emailed support from Hayward Demos and Old Highlands Homeowners Association. We hoped to get more support from additional organizations to use in talking to MTC and the State of California in the future.

They provided some degree of support through the coalition of environmental groups, Green California. HAPA needed a partner at the state level, which probably depended on which advocate understands it best and was motivated enough.

I asked City Manager Fran David to designate one staff person to be knowledgeable about Bayview, so that if the City gets a call, it will know where to direct it, and the person answering will not say "What's Bayview?" Lori Taylor, who was the city's economic development director, left for another job, and remaining staff were picking up the pieces. A few planning directors have come and gone and Sara Buizer took over as Interim Planning Director. Sara was very competent but had one problem, she worked for the City and not for HAPA.

The next step was to draft policies for the state and Metropolitan Transportation Commission that supported pedestrian neighborhood systems, get support from the agencies, and develop guidelines, eligible uses of funds, and application procedures for the use of cap and trade funds. To do this, we needed to take Hayward out of the picture, that is, emphasize the policies the state should support with a hypothetical sample project that closely resembled Bayview.

July 2014: Bayview Quarry Village

[HAPA News July 1, 2014]

Is it possible for things to keep changing without progress? The answer, apparently, is yes.

I had this bright idea, at least it was bright when I had it but has become considerably dimmer, that the City of Hayward should expand the downtown Priority Development Area (PDA) to include the corridor down Mission and up Carlos Bee to the campus. This really makes a lot of sense. If we could get a really frequent, fast, free shuttle every four minutes we'd have a bus bridge that would reduce traffic, make a car-free lifestyle possible, promote development along Mission and on the old quarry, increase transit ridership, and help revitalize downtown. In fact, City documents showed that the quarry and along Mission were considered for possible approval as PDAs. They were dropped, and the City just got approval for downtown, the cannery, and the South Hayward BART area.

What's not to like? Well, the City staff felt that they just couldn't handle the application for the PDA expansion. I had really great arguments that didn't do any good: using ABAG

application requirements and the previous applications by the City of Hayward, I drafted all the necessary paperwork. Still no go. Then I began to argue with myself. Was it really feasible for me to carry the discussions with ABAG on behalf of the City? Typically, these applications are exclusively staff-to-staff. Was it effective as a way to educate ABAG and MTC staff about the Bayview concepts which were not critical for approving the PDA expansion? Probably not. Is it an efficient use of my time to work on the City and then to work on the regional agencies before I would go to the State agencies that had the real power over Cap and Trade? Probably not.

I decided to try to find a way to take the Bayview concepts more directly to the State for inclusion in the Cap and Trade investment program. The critical State agencies are the Strategic Growth Council, the California Air Resources Board, Housing and Community Development, and the Office of Planning and Research. I needed to talk to mid-level planners to see if they like the Bayview concepts. I asked our legislators and TransForm for help in opening doors to get the time to get access.

In the process of pushing on the PDA expansion, I learned that the City has a grant for \$950,000 to write a new Downtown Specific Plan. We needed to hold a HAPA Board meeting for HAPA to adopt some official policy about what we will advocate. Among the issues to think about are changing the loop, a shuttle for downtown, and how the Mission-Bee corridor relates to downtown.

More on Cap and Trade Funds

[HAPA News July 2014]

The new state budget had \$200 million for low carbon transportation and \$130 million for affordable housing near transit. The purpose of this bank would be financing to meet AB 32 and SB 375 goals. If state staff sees some merit in these ideas, some enabling legislation may be required. Some ideas can probably be implemented within existing law.

The financing should have a reasonable chance of repayment but more risk than private lending is willing to assume, to support innovative investments that could demonstrate the market viability of cutting edge ideas. The bank should be an investment bank similar to an equity fund. Its investments and loans should be based on transparent competitions for a set amount of funds every quarter. The bank could also work as an underwriter of loans or investments made by others.

The competition for equity investment, loans, or underwriting should include one for larger scale neighborhood developments.

The question to developers is not, Will you invest? The question is, what will it take to get you to invest? The funding should be enough to get developers to respond to a Request for Proposals (RFP) by a city which has won Green Bank funding. It may require control of the land, or that plus entitlement, or those plus a warranty to support a low side return on a negotiated pro forma. The warranty could exempt uncontrolled costs like fuel and basic building supplies. Developers need to be involved in the process of structuring the competition so that it makes sense to them. The RFP provides a transparent interface between the public subsidy behind the RFP and the market competition by developers to win the project as a private investment with risk. The warranty can prevent deep losses while still providing an incentive to get a good absorption rate for a better return.

Charles McKeag, Vice President, Northern California, The New Home Co. was willing to meet with state staff to discuss some draft proposal of how this process might work from a developer's perspective. He is available in late July or early August, and possibly other times.

Problem: Policy people and investors live in very different worlds. Policy people are trying to nudge an uninterested and skeptical public into accepting multiple dwelling housing close to transit and to discourage developers from building what the public would buy if it could— subsidized housing on open space reached by subsidized roads using subsidized personal vehicles. The public and developers still operate within a culture that is neither really economic nor sustainable.

From a developer's point of view, they will invest once there is enough promise of return and reduction of risk. Redevelopment agencies were once able to help; now we need something new.

We need something better than smart growth so far. More bundled parking under a platform or built into a townhouse results in more non-market parking after redevelopment than before. To exaggerate a little, smart growth just jams suburbia into a smaller area and denies consumers the ability to avoid paying for parking they don't want and don't need.

Can we demonstrate market viability for a smarter kind of smart growth?

Policy people have to deal with the ambivalence of the policy process, where we all want to be treated fairly and we all want presents at Christmas. Superficial, self-interested rationalizations constantly importune parents and politicians. As a result, advocates for smart growth push for funding anything that is consistent with minimal definitions of smart growth. The two leading definitions are the HCD TOD Housing Program Guidelines and the SB 375 High Quality Transit Areas.

These definitions are better than nothing; they are politically necessary to help all localities feel they can get a piece of the cap/trade pie. However, we should also make sure there are some funds for a competition for excellence, where cities compete for funds by proposing projects that are the best considering a number of criteria.

Technically, affordable housing goes up to 120 percent of median income, and many inclusionary housing requirements use that criteria. The problem is when "affordable" is used to sugar coat the pill of "low income," when you get to the details and it turns out affordable means low income. The cap/trade guidelines must support middle income, sustainable housing, or they will fail for two reasons.

One reason is that we as a culture don't know how to make pedestrian neighborhood systems work. We get confused with high rise and being against the car. We need a few large new neighborhoods, designed physically and socially from the ground up, to get experience in fine tuning a new system.

The second reason is that the amount of demonstration grant housing possible in itself is negligible. It is the demonstration effect that matters: demonstration to private developers and to the middle class. Only that can bend urban history away from the suburban detour.

The competition funded by the Green Bank should have criteria to qualify to compete, and criteria for evaluation of which proposal competes best. These ideas may be called the Bayview concepts. They integrate low carbon transportation with transit-served housing.

A pedestrian sustainable neighborhood requires economies of scale, more specifically enough people at enough density to support local serving business or a rapid shuttle to a

nearby business area. The area should be 25 acres or more, attain a minimum population of 1,500 persons, have a minimum density of 60 persons per gross residential acre, walking streets, location on a corridor about 2.5 miles or less from an urban rail station and a rapid shuttle, or be by the station. Commercial use within an area is less important than the ability to do get to work and to do errands in an acceptable travel time.

Nothing below would be required, but the evaluation would look at the proposal as a whole considering all the criteria.

- Location on a short corridor connected to urban rail with potential for redevelopment to functional density from economies of scale.
- Shuttle service on the corridor to urban rail that is fast, frequent, and free (10-minute headway minimum—eco-pass, rapid bus)
- Land-based finance of shuttle capital and operating expenses. Sale price of units includes some portion for capital cost; HOA dues pay for alternative mobility operating costs.
- Ownership and management by the HOA directly or using an RFP for an operator for cost control, as is commonly done by retirement communities.
- Rapid shuttle features: Low floor bus, raised sidewalk stops, guided close docking, no step entry, proof of purchase/no fare collection, right turn lane used by through bus with signal control, signal preference, dual mode motor with potential for biodiesel or all-electric motor or other advanced motor, strong hill climbing power and regenerative braking if operating on hills, 30 foot or smaller size for speed and maneuverability, stops that balance speed with support for corridor development.
- Guaranteed ride home from urban rail when shuttle is not running.
- Carshare, car rental, and HOA van.
- Limited taxi vouchers for important trips not well-served by transit, such as for health care.
- Limited parking on site to one space for half the units or fewer.
- Parking is leased at a market rate based on periodic bidding.
- Off-site leased parking is available.
- Highly insulated, sun-managing housing that is net zero on the grid except for cooking and clothes drying.
- Sustainable storm water, sewage, water, and landscaping.
- Design for health and safety, walking streets, a fitness center, recreational trails, reduced pollution, few auto accidents, and support for families with children.
- Appealing design of housing, landscaping, and streetscapes for people (not necessarily to architects).
- A Home Owners Association with some funds and policies to enhance community, a community center, small parks.
- Affordability of 50% or more units to incomes at 120 percent of median using cost-effective building techniques and minimal cross-subsidy.
- This affordability is achieved by separating out utility costs as Green Energy comparable to a utility bill.
- This affordability should be based on a cost-based housing price, not what the market will bear, so that buyers will have strong economic incentive to consider alternative mobility.

- Education to help buyers understand how alternative mobility would work for them, if feasible given their particular travel needs.
- Phased implementation with a way to work out the kinks and make the adjustments and extra effort needed to make alternative mobility work for residents.
- Incentives to not use an on-site parking space which, if successful, allow more units to be built (phased development based on deparking policies).

These ideas are not based on some abstract theory, but on a highly detailed proposal for large Caltrans parcel near Cal State Hayward. This project implements the many concepts listed above, but these concepts are also important state-wide for developing sustainable neighborhoods at or close to urban rail. The short corridor concept greatly expands the potential for smart growth beyond the geography of being close to a station, and beyond the car-emphasis of current smart growth.

December 2014: Public Purpose and Purgatory

The State of California was planning to invest \$130 million in Affordable Housing and Sustainable Communities, using money from the Cap and Trade program to reduce greenhouse gasses. The state Strategic Growth Council was finalizing guidelines to be announced 2015. The state wanted to fund, based on competition, city projects which reduce greenhouse gasses, provide affordable housing, help disadvantaged communities, and achieve a grab-bag of other goals. HAPA's review of the guidelines indicated that the Bayview project would score extremely well in the competition for points. Furthermore, the program funds entitlement, design, and purchase of land for housing development. In order for the City to apply for funds to build Bayview, or for that matter to apply for projects on Caltrans land near the South Hayward BART station, it must have "site control," which means at least an option to purchase the land from Caltrans.

Caltrans has strict procedures for the disposition of excess property. One section of the regulations authorizes Caltrans "to sell to public agencies at their request, without calling for competitive bids, at a price representing the fair market value thereof, and upon a determination that such intended use shall be for a public purpose...."

Would a sale to the City for Bayview (or other projects) be a "public purpose"? Redevelopment law provides an analogy: Cities had public purpose authority to condemn land and sell it to developers for less than they paid for it, to achieve the public purpose of redevelopment. A project can have a non-public purpose like profit for a developer building market housing, but if the project also includes redevelopment, a public park, or affordable housing, it would also be considered as serving a public purpose.

I sent an email to Caltrans, the Strategic Growth Council, and our legislators, none of whom had an opinion on the issue and did not say that they would get one.

I believe that public purpose includes achieving the goals of the state climate laws (AB32, SB375) and the Affordable Housing and Sustainable Communities Program. Not being a lawyer, let alone a government lawyer, my opinion does not count. The City of Hayward disagrees with me. The City believes that the Bayview project does not constitute a public purpose as far as Caltrans is concerned. The City also says it has other projects for which it would like the funding.

We needed to get a decision. If "public purpose" under the Caltrans regulations allows Caltrans to give the City an option to purchase (site control), the City could use it to seek funding for the Bayview project. The City could then apply for funding with no significant cost to the City. If the state funded the project, it could provide money for acquisition, entitlement, and design. The City would then put out a Request for Proposal to developers who would bid on the project at a level allowing them to profit from building it.

I asked the City Manager and members of Council to tell HAPA their position on Bayview Village, and there was considerable support. However, the City should not proceed until this legal question is resolved.

It is proving to be so slow and so difficult to get a legal opinion that would be respected by Caltrans and the City that I don't see how Bayview can proceed. Even if it were possible to get site control, the City could decide that other projects were a higher priority or more likely to get funding. HAPA continued to push on getting an authoritative legal decision, but I could not see effective action by those in a position to decide. Therefore, Bayview Village fell into a state of Purgatory.

June 2015: Update on Public Purpose

[Based on HAPA News June 8, 2015]

Bayview Village needs control of the quarry land from Caltrans if it ever hoped to be a reality. By June 2015, I had been talking to Jeff Newman, a very sharp Caltrans official down in Los Angeles, who was working on this at the request of Andy Nierenberg, who was the Deputy Director for right of way at Caltrans headquarters in Sacramento. Jeff helped me find a better approach, but it still required Caltrans to put in writing that the state's climate change laws serve a "public purpose."

September 2017: City Moves Forward on Caltrans Surplus Properties

[HAPA News October 2017.]

I learned in September 2017 that the City has retained Pat O'Keeffe, former City Manager of Emeryville, to manage the development of the Caltrans land that the City now controls. O'Keeffe has retired from the city and now has his own consulting firm, Management Partners. The city acquired control in an agreement with Caltrans so that the city has control over the properties and will pay Caltrans an agreed amount when development occurs.

There are 10 parcel groups involved:

- Mission-Dixon, being sold to Lyon Homes.
- Dixon-Industrial, being sold to Lyon Homes.
- Mission to Tennyson, open space of interest to Lyon Homes.
- Bunker Hill area below the campus.
- Carlos Bee Blvd. south side, combined with city land on Mission Blvd.
- The Quarry, north side of Carlos Bee, of interest to HAPA.
- Undeveloped County hill land above Foothill Blvd and east of city incorporated land, from the water tank above City Center to Gary Drive off Grove Way.
- County land on east side of Foothill onramp to 1-580 to Pleasanton.
- Open space east of East 16th Street, above the Hancock Apartments.
- Open space south of Harder, above the cemetery.

Parcel groups 1-3 are in progress. Parcel groups 9-10 are on the back burner for the time being. Parcel groups 3-8 are the ones that O'Keeffe will try to promote.

O'Keeffe spoke to the Council Economic Development Committee on October 16, laying out the process. The next step is to retain a number of consultants: an architect, a civil engineer, a marketing and economics consultant, a transportation consultant, and a consultant on CEQA and environmental values. The city has interviewed consultants and plans to award a contract in November.

Hayward has six years to find developers who will buy the land from the City and the City will then pay Caltrans for the land.

The consultants will help with three big steps: preplanning, RFPs, and PSAs. Preplanning consists of deciding desirable uses, listening to the public, estimating environmental impacts and how to mitigate them, determining what is economically feasible, and approving policy to reduce risk to developers. Preplanning also includes assessing what the market will buy, concept site plans, and CEQA review.

RFPs are requests for proposals which the city issue on a parcel group to attract developers and pick the developer that gives the city the best deal.

PSAs are purchase and sale agreements which the city negotiates with the developer whose proposal is approved by the city in the RFP process.

Chronology of Key Events

Dates	Participants	Events
Earth, long ago	Nobody – prehistory	creation of fossil fuels
1850s to present	Homo “sapiens”	burning of fossil fuels caused by under-pricing
1980-2010	Too many Americans	more denial as more evidence piles up
1965-2002	A small band of hardy persistent Hayward residents vs. pavement	Epic, titanic struggle against the SR 238 Bypass stops it forever.
2003 to present	Hayward Area Planning Association (HAPA)	Research and advocacy of Bayview Village
2003-2009	Legislature, City of Hayward, Caltrans, Alameda County transportation agencies, Caltrans Tenants Organization, same citizens referenced above	Legislation, road planning (LATIP), land use planning, and housing negotiations
July 9, 2009	City	Adoption of Sustainable Mixed-Use General Plan Land Use Designation and Zoning (SMU),

		an Overlay District for a trail, and reclassifications of SR 238 Bypass land
March 8, 2010	Tenants, City, Caltrans, Alameda County Superior Court	The Court approved a long, complicated stipulation laying out how all the tenants would be treated as tenant houses are sold
May 20, July 30, 2010	City, Caltrans, California Transportation Commission (CTC)	The CTC approves abandonment of the SR 238 Bypass right of way, relinquishment of state routes on arterials in Hayward, the LATIP, and housing program for tenants.
August 2010-present	Housing Manager, City	Contacting tenants about Lump Sum Settlement and Opportunity to Purchase in housing program
October 4, 2010	Caltrans tenants, Sherman Lewis et al., City, Caltrans, US District Court	Judge Thelton Henderson dismisses 1971 <i>La Raza Unida</i> case as moot, ending federal litigation and 39 years of litigation
2007-2010	HAPA, City, CSUEB Hayward	Planning for new Hayward campus Master Plan and CEQA litigation by HAPA and City against CSU over inadequate EIR
November 2010	Alameda County Superior Court Judge Frank Roesch	Decides for HAPA and City of Hayward on all important causes of action, stopping parking structure
January 2011	City	Deadline to choose Lump Sum Settlement or Opportunity to Purchase.
February 2011	Caltrans	Single family property sales begin.
2012	Developer	Invests in Bayview Village or not
February 2012	Caltrans HAPA	Changed information from Macpherson; will require public auction, probably allow two years for option purchase. HAPA changes emphasis to find land bidder.
May 2012	Caltrans	Escrows or home purchase must be completed
June 2012	Caltrans	End of settlement process
Late 2012 or 2013	Caltrans	Probable sale of Bypass vacant land ROW

Table

Residential areas are largely car-free with small parks and walkways that lead to a Village Center. The Village Center has a community center, bus-way, Village Square, grocery store and a cafe with a view of the Bay. The community center has mailboxes, ATM, business office, meeting rooms, fitness center, lounge, and more. Daily necessities and many amenities will be within easy walking distance--at most five minutes--to the Center. The Village Bus provides frequent, fast and free service for Village residents, reaching the Cal State campus in two minutes and downtown Hayward and BART in six minutes.

Bayview Village Summary

The Bayview Project would be a dense, relatively car-free development. It would be an alternative to sprawl and dependency on automobiles, which were created by large distortions in market prices due to a failure to have auto users pay directly for the costs of driving. The housing market is now so dominated by car-dependent demand that it cannot respond to the latent demand for a less car-dependent life style.

The Bayview Project would be located near California State University Hayward (CSUH) in the City of Hayward, and would be served by a Rapid Bus connecting the campus to the BART Station in downtown Hayward. **The bus and the Bayview Project work together** to support a "car-free" life style. A car-free lifestyle allows ample mobility without car ownership or, for car owners, greatly reduced trips. The Bayview Project and Rapid Bus are described in more detail at <http://hapa-ca.org/>. The Hayward Area Planning Association is researching and advocating these two proposals.

A "car-free" lifestyle can provide a better quality of life at less cost than sprawl, but is difficult to provide because of **problems of scale**. Cheap autos give sprawl the advantage of functionality at a very small scale, even a single house. Transit-Oriented Development (TOD), by contrast, requires enough people close enough to each other to justify frequent, reliable transit and walking distances to basic local business. A large project is required, not only for economies of scale in construction and management, but also for transportation functionality. Along with density and size, the more car-free a project is, the more it supports transit, walk trips, and local business.

The Bayview Project is part of a larger **Smart Growth Corridor** from the Hayward BART station to the CSUH campus based on three- to five-story apartments and condominiums with reduced parking, paid parking, and frequent transit.

The Bayview Project is possible because of **an unusual opportunity**, a combination of a large vacant site of 30.7 acres coming onto the market in a few years, and funds available for investment in Rapid Bus. The land, a long-closed Bayview north of Carlos Bee Blvd., is now owned by Caltrans but no longer needed for a now defunct freeway and will be sold, probably in two or three years.

Benefits. The Bayview Project provides a **comprehensive, holistic alternative** to the dominant urban system of sprawl and auto dependency with **many benefits**:

- **Fossil fuels:** The project reduces fossil fuel use for space heating and transportation, global warming gases, and air pollution from ozone and particulates. The LEED (Leadership in Energy and Environmental Design) Green Building Rating System is the most advanced standard

for energy conservation and use of non-fossil energy in buildings. The Bayview Project would meet the LEED gold or platinum standard. Combined with less car use compared to alternative development, the project would use dramatically less fossil energy, on the order of 70 percent compared to a comparable subdivision, for both housing and transportation.

- **Water use and pollution.** With less water used for landscaping and washing cars and sidewalks, water consumption would be dramatically lower than suburbia.
- **Solid Waste.** The project would make segregation and recycling of waste materials easy.
- **Noise.** Buildings would have special sound-proofing between units.
- **Quality of life.** The project would have visually appealing neo-urban building facades and landscaping using native drought-resistant plants and natural rainfall, supporting much bird life.
- **Resources:** The project would use significantly less building material, fewer resources for transportation, and far less land than suburbia, saving agricultural land and wildlife habitat.
- **Economy:** The project would demonstrate marketability of a more cost-effective urban system and would support an increase in local business. It would demonstrate how the US can reduce its economic dependency on fossil fuels
- **Health:** The project provides an environment that dramatically reduces health risks from auto accidents and increases walking, reducing over-weight and poor physical conditioning that result from a sedentary life style.
- **Accidents:** With less auto use, the project would reduce vehicle accidents.
- **Housing:** The project reduces building costs by about 25 percent, supporting more affordable housing for CSUH students, workers, families, moderate income households, and all abilities, ages, races, ethnicities, and household types.
- **Education:** The project helps CSUH enrollments through improved access and affordable housing very close to the campus.
- **Transportation:** The project supports a dramatic reduction in drive-alone vehicle trips, auto vehicle miles traveled, vehicle hours of travel, and congestion compared to the suburban alternative, with access comparable to or better than suburbia.
- **National Security:** The project can demonstrate how the US can, by reducing its economic dependency on fossil fuels, avoid the military costs of dependency on foreign oil, loss of life and wealth, and moral turpitude from supporting authoritarian oil regimes. If two wars in Iraq have something to do with oil, this goal is relevant.

Transportation. The Bayview Project has many ways to meet the **transportation needs** of its residents. The **Rapid Bus** would initially run every ten minutes, and reach the campus in two minutes and downtown BART in six minutes. With expected increases in ridership, service would be every five minutes. The bus would provide easy access to stores, restaurants, and other businesses along Mission Blvd. and in downtown Hayward. Every month, residents would get a free transit pass, called an Ecopass. Operating funds would come from rents, a “class pass” to be approved by CSUH students, and from CSUH parking fines. Capital funds, about six million dollars, would come from amending the expenditure plan of Measure B of 1986 to use money left over from the Foothill

The bus would stop at the project using Overlook Ave. and a new bus-only lane on an extension of Palisade St. to a new junction with Carlos Bee Blvd. The busway would go between **the store and the office.** The store building on the south side would have a grocery store at

busway level and a restaurant above with a beautiful view of the bay area. Below the store would be a café with low prices and fast food, and with a patio opening onto a little park. Having the most commonly used local businesses in easy walking distance is an important transportation feature. The office on the north side would have mailboxes, rental office, a meeting and exercise room, a freight electrocart, and a minibus. A small park would be just north.