



H A Y W A R D A R E A P L A N N I N G A S S O C I A T I O N

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The HAPA News

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The HAPA News is in its thirtieth year.

Council to staff: Study Quarry Village

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 Council it did not want to study QV. 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. We don't 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 QV, 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 QV 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 QV.

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 funds. In 2005 the HUSD 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 are contemplated. The HUSD representative did not have an official board decision to support a middle school on the QV 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 are a good basis for study.

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

In June, I was in South Dakota when this boiled up and the emails started flying. Thanks to those of you who sent emails to Council in support of QV.

Tuesday, 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 QV. Planning Commissioner Barbara Sacks asked good questions about how the fast track for Spectrum differed from consideration of Quarry Village. When Mayor Sweeney went round the table for opinions, all but one Council member said QV should be studied. We thank Kevin Dowling, Barbara Halliday, Olden Henson, Bill Quirk, Doris Rodriguez, and Mike Sweeney.

The staff gracefully executed an 180 degree turn and we hashed out very quickly a new designation, Sustainable Mixed Use, that supports the QV concept and can be applied to other areas of Hayward, e.g., South Hayward BART and Downtown.

Sustainable Mixed Use

Residential Densities range from 25.0-55.0 dwelling units per net acre. Buildings can be solely residential, such as townhomes, condominiums or apartments, or mixed use. This land use designation is located along major transit corridors, near transit stations or in close proximity to the University. To facilitate transit-oriented development in these areas, developments are required to meet minimum net densities and to have reduced parking requirements. Neighborhood serving retail uses are highly recommended for reduction of car trips where commercially feasible.

We believe that Quarry Village and the Sustainable Mixed Use designation can help develop a better City Climate Action Plan.

Citizens to City: Study Quarry Village

Wednesday, June 8. The next night after Council was a public workshop on 238 land use, and again QV was the most controversial topic. There are a few outspoken people who really do not like what they think QV is, and have no interest in letting facts interfere with their opinions. Again, QV 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 QV 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.

<Http://www.hayward-ca.gov/forums/rte-238blus/238blus.shtm> is the City of Hayward website for the 238 land use study. Exhibits 5, 6 and 7 for the NOP/Initial Study have the key maps.

New Council

July 8. Francisco Zermeño and Anna May came onto Council, replacing Doris Rodriguez and Bill Ward. Based on their Sierra Club questionnaires, interviews, and comments at the EIR scoping work session, they support studying QV.

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

New Proforma Finally Done



This financial analysis is critical for raising funds from investors. It has taken a long time to improve and update, but it is finally done. Here is how to have 20 tabs of spreadsheet to analyze QV:

1. Overview: 4 paragraph overview and description of all tabs.
2. Notes: Describes time line of project, bank lender, and equity investors.
3. Acres: lists properties, size, developable areas, land uses, densities, and roads and paths
4. Predevelopment: costs of planner, engineers, architects, other consultants, city fees, and administrative costs of getting approval to build and sell units.
5. Land cost: due diligence, easement, closing costs, purchase price.
6. Consultants: engineering and architecting needed for land improvements and buildings.
7. Land Improvement: costs of site preparation, staking, walls, earthwork, walkways, streets, storm water, sewer, water, other utilities, landscaping, and contingency.
8. Offsites: new traffic signals
9. Development fees: for fire prevention, engineering inspection, and utility services.
10. General and administrative: development manager, accounting, legal, property taxes, insurance, field supervision and labor
11. Acquisition and Development Financing: by quarter for three years, revenue, predevelopment cost summary, land cost and land development summary, sources and uses of funds, cash account, assets and liabilities, and internal rates of return for investors and lenders.

12. Building fees: building inspection and plan check, special taxes, utility connections for sewer and water, school and park fees
13. Building cost per square foot: costs for a 4 bed units using modular construction vs. conventional construction, unit landscaping, contingency
14. Buildings: statistics on sizes and numbers of units, buildings, courtyards, Community Center and Carports; costs of construction allocated by unit type. (Unit type: studio, one bedroom, two bedroom etc.)
15. Sales: costs of sales, marketing, closing costs, and commissions.
16. Bus: capital costs of bus and allocation to unit type
17. Building costs: summary cost of finished lot, administrative, consultants, fees, buildings, sales, warranty and bus by unit type.
18. Building loans: by month for four months, revenue by unit type, cost by unit type, sources and uses of funds, cash account, assets and liabilities, and internal rate of return for lender and investors.
19. Building loans model: similar to 17 but allows you to estimate your own loan based on number and type of units, sale price increase over cost, and loan draws, and more.
20. Notes: for our pro forma analysts.

The best measure of profit is called Internal Rate of Return (IRR). QV 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, changing 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.



Hayward Power Plants

Calpine's Russell City Energy Center (RCEC):

Problem: This proposed, huge (600 megawatts), gas-fired plant for peaking power is not needed if alternative energy and energy efficiency policies are implemented, and, in addition, the plant would cause a hazard to airplanes and create tons of deadly air pollution. If there is any growth in the need for peaking power, it is for air conditioning in the hot, dry San Joaquin Valley and to serve its out-of-control growth.

Nov. 1, 2007: A Bay Area regional agency, the BAAQMD (Bay Area Air Quality Management District) approved the RCEC. The BAAQMD is responsible for enforcing the federal Clean Air Act in the Bay Area. The Clean Air Act has procedures for "Prevention of Significant Deterioration" (PSD) of air quality.

The US Environmental Protection Agency (EPA) is responsible for making sure agencies like the BAAQMD follow PSD procedures. Rob Simpson appealed to the EPA to determine if the BAAQMD had adequately followed PSD procedures.

July 29: The EPA decided that the BAAQMD had not followed PSD procedures correctly and ordered it to go through the PSD process again, this time letting people know ahead of time about dates for hearings and taking other actions required by PSD procedures. But more is involved than just proper public notice and going through the motions again. Recently, a new method for evaluating the impact of power plants on air quality has been mandated by EPA and the California Legislature. The BAAQMD had used what is now the wrong “dispersion model” and needs to use the new one. The BAAQMD is seeking funds from Calpine to do this modeling.

July 30: California Energy Commission (CEC) extended the deadline for construction of this plant.

August 27: Rob Simpson, CARE, HAPA, and CAP protest the extension. The law allows only one extension, and this would be the second.

September 19: deadline for arguments in the above to reach the CEC.

September 24: Hearing scheduled for the CEC to consider the protest.

As you can see, things are in a bit of a mess. The CEC should not renew an extension it is not empowered to make for a plant that, anyway, has not been approved by EPA and BAAQMD.

Tierra Energy's Eastshore Energy Center (EEC)

HAPA Chair Sherman Lewis testified at CEC (California Energy Commission) hearings held in Hayward on January 14 and on July 21. The real work, however, is being done by Jewell Spalding, attorney for a number of groups protesting Eastshore. The CEC procedures are unlike City procedures and more like a court proceeding. It helped to have Chabot College and Alameda County involved.

July 20. Commissioner Jeffrey Byron decided to recommend denial of Eastshore because of its hazards to air navigation. (These same arguments are being used against the RCEC.) The City of Hayward also opposes Eastshore, which is not as far along in the approval process as the RCEC.

August 8. The CEC denied EEC's request to fly airplanes through plumes of hot polluted air to try to prove that the Federal Aviation Administration was wrong.

Oct. 8. The CEC is scheduled to make its decision in Sacramento, with a comment deadlines a few days before that. .

Other people working hard to stop these plants include Andy Wilson, Ernie Pacheco, Kim Finn, Joanne Gardiner (<http://www.joanegardiner.com/ProposedPowerPlantinHayward.html>), Mike Toth and Rachel Henderson (www.edengardens.wordpress.com), Audrey LePell, Chabot College faculty representative Diane Zuliani, and Alameda County, as well as attorneys at the Golden Gate University Environmental Law Clinic.

238 Caltrans ROW land values

Gail Lundholm and I have put a lot of work into making an estimate of how much the 238 surplus ROW might be worth. We also got help from Rob Simpson, who went with us to look at the Bunker Hill and Palisade neighborhoods and to share his expertise with us.

We started from the City's list of all Caltrans properties and divided it up into 17 sections, each with its own spreadsheet page, or tab. The City had data on the square footage and assessor's parcel numbers for each property. We got assessors maps showing all of the properties. In many cases, to get a better estimate of potential value, we had to look at the old property lines before Caltrans consolidated them into one big parcel. For example, along Highland Blvd. one Caltrans parcel has many houses, but the map also shows the old lines. We took pictures of all of the structures on all of the properties.

On May 18, 2008, the City issued maps showing land use designations and the acreage of each area. While covering the same area, the property list and the designation list did not easily line up with each other. The designation list gave an idea about future use and value, but had to be related to what was already there and reconciled with the property list. We now have good formatting and a template or model for doing a good estimate. We are still working on it, but at the moment the 340.4 acres have a value of roughly \$160 million, using our assumptions. Our next step will be to confer with someone knowledgeable and willing to contribute their time to improve the estimates.

HAPA Board of Directors meeting Sept. 23, 6:30 to 8:30 pm

Board members: Bruce Barrett, Evelyn Cormier, Sherman Lewis, Steve Murtaugh, Joy Rowan, Rob Simpson, Kieran Slaughter

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