

**City of Hercules
Agenda Item Transmittal**

Meeting Date: September 9, 2008

Agenda Item Number: XI.6 - RDA IV.8

Agenda Item Wording:

1. City Council: Have/Waive The First Reading Of An Ordinance Approving A Development And Owner Participation Agreement Between The City Of Hercules, Hercules Redevelopment Agency And Santa Clara Valley Housing Group, Inc. For The Hilltown Redevelopment Project
2. Redevelopment Agency: Adopt A Resolution Authorizing The Executive Director To Execute A Development And Owner Participation Agreement With Santa Clara Valley Housing Group, Inc., Regarding Development Of The 44 Acre Hilltown Site

Submitting Department: City Manager's/Executive Director's Office

Contact Name: Nelson Oliva, City Manager/Executive Director
Alfred A. "Mick" Cabral, City Attorney/
Agency Counsel

Department Recommendation:

1. City Council: Have/Waive the first reading of the proposed ordinance and direct staff to schedule the second reading and adoption of the ordinance for the September 23, 2008 City Council meeting.
2. Redevelopment Agency: Adopt the proposed resolution and authorize the Executive Director to execute the Development And Owner Participation Agreement With Santa Clara Valley Housing Group, Inc., Regarding Development Of The 44 Acre Hilltown Site after the enacting ordinance becomes effective.

Alternatives:

1. Do not have or waive the first reading of the ordinance, do not adopt the resolution, and provide direction to staff.

Discussion:

For action by:

- City Council
- RDA Board
- PFA Commission

Placement on agenda:

- Intro./Presentation
- Consent Calendar
- Public Hearing
- Communications
- Council Rpts./Reso
- C.M. Rpts/Reso.
- Intergov. Issues

This agenda item presents the culmination of several months of negotiations between City and Agency staff and representatives of Santa Clara Valley Housing Group, Inc, for development of the 44 acre Hilltown project site.

The project allowed by this Development and Owner Participation Agreement (DOPA) will include a residential component and a small retail component. The residential component will include the construction of approximately 640 residential dwelling units, community parks and open space and infrastructure improvements on the project site. The 640 residential units will consist of (a) approximately 193 “podium” condominium homes situated within three adjacent multi-story buildings, each with structured parking facilities; (b) approximately 209 “courtyard” condominium homes situated within approximately 16 multi-story buildings. Each “courtyard” home will have its own private garage served off a common motor-court; (c) approximately 200 “rowhouse” condominium homes situated in approximately 11 multi-story buildings. Each “rowhouse” home will have its own private garage served off a common motor-court; and (d) approximately 38 “townhouse” condominium homes situated in approximately 6 multi-story buildings. Each “Townhouse” home will have its own private garage served off a common drive aisle.

The Retail Component will consist of an approximately 4,000 square foot neighborhood retail facility located adjacent to the public plaza area situated near the three podium condominium buildings described above. To the extent necessary to achieve the residential density and yield desired by Owner, the retail component may be implemented as a ground floor facility with residential dwelling units located on the floor(s) above.

All of the improvements to be constructed must be as depicted in the Initial Planned Development Plan previously approved by the Planning Commission. The developer will be required to obtain additional approvals which will generally consist of a final planned development plan, tentative and final tract maps, parcel maps, conditional use permits, final subdivision maps, lot line adjustments, building permits, grading and construction permits, encroachment permits, certificates of occupancy, CEQA compliance and other approvals reasonably necessary to implement the Project.

The developer is not asking for any financial assistance from the City or Agency for this project. The Agency has agreed to assume the responsibility for complying with affordable housing requirements. In exchange, the developer has agreed to pay an in-lieu fee to offset the Agency’s cost of providing affordable housing needed as a result of this development.

Government Code Section 65867.5(a) and Hercules Municipal Code Section 10-8.303 require development agreements to be adopted by ordinance. The Mayor is authorized to sign an approved development agreement after the ordinance becomes effective, which is 30 days after adoption.

Owner participation agreements are required to be approved by Agency resolution. They are permitted under the Community Redevelopment Law (California Health and Safety Code Section 33000 et seq) and under the Owner Participation Rules adopted by the Agency. Since

this agreement is both a development agreement and an owner participation agreement, approval by both the City and Agency is required.

The proposed agreement obliges the developer to pay all fees and charges in effect when building permits are issued. It requires the payment of substantial affordable housing in-lieu fees and sports facility impact fees in addition to the fees typically collected by the City for development projects. The Agency has agreed to assume the responsibility for providing all affordable housing units in exchange for the affordable housing in-lieu fees.

The development will undergo substantial environmental review. Considerable environmental review is presently underway in conjunction with the establishment of Redevelopment Project Area 3. No building or similar permits will be issued until all CEQA review is completed.

Commission Review and Actions/Recommendation: The Planning Commission conducted a public hearing on July 7, 2008 and heard the testimony of the applicant and staff. There was no opposition to the Development and Owner Participation Agreement. The Planning Commission recommended approval of this Development and Owner Participation Agreement No. 07-01.

Attachments:

1. [Ordinance](#)
2. Redevelopment [Agency Resolution](#)
3. Draft Development and Owner Participation [Agreement \(DOPA\)](#)
4. [DOPA Exhibits](#)
5. [Planning Commission Staff Report](#) dated July 7, 2008
 - [Attachment 1 - Environmental Checklist](#)
 - [Exhibit A - Findings](#)
 - [Exhibit B - Conditions](#)
 - [Exhibit C - Resolution](#)

<i>Financial Impact</i>	
Description:	
Funding Source:	
Account Number: _____	
Budget Recap:	
Total Estimated cost: \$	New Revenue: \$
Amount Budgeted: \$	Lost Revenue: \$
New funding required: \$	New Personnel: \$
Council Policy Change: Yes <input type="checkbox"/>	No <input type="checkbox"/>

Subcommittee Review and Approval: None