AMENDMENT TO
CITY OF FREMONT REDEVELOPMENT SUCCESSOR AGENCY
LONG-RANGE PROPERTY MANAGEMENT PLAN

A. Introduction and Background of Amendment

This document constitutes a formal amendment (the "Amendment") of the May 2013 Long-Range Property Management Plan (the "Initial LRPMP") of the Successor Agency of the Redevelopment Agency of the City of Fremont (the "Successor Agency").

The Successor Agency prepared the Initial LRPMP in accordance with Health and Safety Code Section 34191.5(b). Pursuant to that statute, the Successor Agency then obtained approval of the Initial LRPMP by the Successor Agency's governing board (the "Successor Agency Governing Board") on May 14, 2013, and by its oversight board (the "Oversight Board") on May 15, 2013. Following those approvals, the Successor Agency submitted the Initial LRPMP to the California Department of Finance (the "DOF") on May 20, 2013 for the DOF's consideration of approval.

Through communications to the Successor Agency, the DOF requested specified revisions to Part II of the Initial LRPMP (the "Initial Part II")—the element of the Initial LRPMP setting forth the proposed disposition and use of the three parcels of real property that are the subject of the Initial LRPMP—in order that the DOF would be in a position to grant its approval. To satisfy the DOF's request, the Successor Agency has prepared a revised version of the Initial Part II in the form attached to this Amendment as Exhibit A and incorporated in this Amendment by this reference (the "Revised Part II").

B. Revised Part II Replaces Initial Part II; Revised LRPMP

Through this Amendment, the Revised Part II, as set forth in the attached Exhibit A, hereby amends, restates, replaces and supersedes in its entirety the Initial Part II. As a result, through this Amendment, and subject to the further approvals specified below, the official long-range property management plan of the Successor Agency pursuant to Health and Safety Code Section 34191.5(c) shall consist of the Initial LRPMP, exclusive of the Initial Part II, and instead including the Revised Part II in place of the Initial Part II (the "Revised LRPMP").

The Successor Agency shall submit this Amendment to the Successor Agency's Governing Board and the Oversight Board for approval. Upon procurement of those approvals, the Successor Agency shall then submit this Amendment to the DOF for approval. Following DOF approval, the Revised LRPMP, including the Revised Part II, shall constitute the approved official long-range property management plan of the Successor Agency pursuant to Health and Safety Code Section 34191.5(b), for implementation by the Successor Agency in accordance with its terms.

Revised Part II: Property Disposition and Use

A. Background and Overview

1. ***Background of Revised Part II; Definitions.*** This revised Part II of the LRPMP (the "Revised Part II") amends, restates, replaces, and supersedes in its entirety the initial Part II of this LRPMP (the "Initial Part II") dated May 2013 and approved by the Successor Agency and the Oversight Board on May 14 and May 15, 2013, respectively. For ease of reference in using this Revised Part II, the following definitions shall apply (many of which are repeated from the defined terms contained in earlier elements of the LRPMP):

"Former RDA" means the Redevelopment Agency of the City of Fremont, which was dissolved pursuant to the Redevelopment Dissolution Statutes.

"Redevelopment Dissolution Statutes" mean ABx1 26 and AB 1484 that provide for the dissolution and unwinding of the affairs of the Former RDA, including disposition of the Properties.[1]

"Properties" mean the three real property assets of the Former RDA that transferred to the ownership of the Successor Agency upon the dissolution of the Former RDA, and that are the subject of this LRPMP. The Properties are fully identified and described in Part I of this LRPMP. As denoted in Part I, the Properties are often referred to individually in this Part II as "Property 1," "Property 2," and "Property 3."

"City" means the City of Fremont.

"Successor Agency" means the Successor Agency of the Former RDA pursuant to the Redevelopment Dissolution Statutes. The Successor Agency is a separate legal entity from the City, and is the current owner of the Properties.

"Successor Agency Governing Board" means the City Council of the City, acting as governing board of the Successor Agency.

"Oversight Board" means the Successor Agency's oversight board established and operating in accordance with the Redevelopment Dissolution Statutes.

"DOF" means the California Department of Finance.

[1] Unless otherwise specified, code section references contained in this Revised Part II are to sections of the California Health and Safety Code added by the Redevelopment Dissolution Statutes.

"LRPMP" means the Long-Range Property Management Plan of the Successor Agency that provides for the disposition and use of the Properties in accordance with the Redevelopment Dissolution Statutes. This Revised Part II replaces the Initial Part II as part of the LRPMP.
"Taxing Entities" means the affected taxing entities that receive property taxes generated within the Project Area.

"Project Area" means the Fremont Merged Project Area that is the subject of the Approved Redevelopment Plan.

"Approved Redevelopment Plan" is further defined and described in Section A.4 below.

"Compensation Agreement" means a compensation agreement entered into pursuant to Section 34180(f) between the City and the Taxing Entities with respect to one or more of the Properties that are transferred to the City pursuant to Section 34191.5(c)(2)(A) and this LRPMP. Each Compensation Agreement shall meet the characteristics described in Section A.5 below. The Compensation Agreement requirements set forth in this LRPMP are included pursuant to a directive of the DOF in connection with its consideration of approval of this LRPMP.

"DDA" means a disposition and development agreement for a Property entered into by the City and a Developer that calls for disposition of the Property by the City to the Developer and development of a project identified in the Approved Redevelopment Plan by the Developer. The characteristics and procedures for approval of a DDA are described in Section A.6 below.

"Developer" means a developer of a Property pursuant to a DDA with the City.

2. ***Purpose of Revised Part II***. This Revised Part II of the LRPMP addresses and sets forth the planned use or disposition of each of the three Properties in the manner described in Health and Safety Code Section 34191.5(c)(2). The following table summarizes the four types of permitted disposition/use that are authorized by that code section.

Table 1: Permitted Uses/Disposition of Successor Agency Real Property Under a Long-Range Property Management Plan (Health and Safety Code Section 34191.5)

Plan Category	**Use/Disposition Purpose of Property**	**Property Transferee**
Enforceable Obligation	Use consistent with enforceable obligation terms	Designated enforceable obligation recipient
Governmental	Governmental use in accordance with Section 34181(a)	Appropriate public jurisdiction

Plan Category	Use/Disposition Purpose of Property	Property Transferee
Approved Redevelopment Plan Project	Transfer to City in accordance with Section 34191.5(c)(2)(A) for use in a project identified in the Approved Redevelopment Plan, and with proceeds received by City from subsequent disposition to a Developer distributed among the Taxing Entities in accordance with a Compensation Agreement between City and Taxing Entities entered into pursuant to Section 34180(f)	City
Other Liquidation	Sale by Successor Agency to private buyer pursuant to Section 34191.5(c)(2)(B), with proceeds distributed to Taxing Entities pursuant to that code section.	Approved buyer

3. *Summary of Fremont Property Disposition and Uses under the LRPMP.* As required by Health and Safety Code Section 34191.5(c)(2), the LRPMP identifies and provides that:

(a) None of the Properties are needed to be retained for purposes of fulfilling an enforceable obligation.

(b) With the exception of the Old Haller's Site Street Parcel that is related to Property 1, and that is required for dedication/conveyance to the City for governmental use purposes as a street (as fully described in Part 1—Property 1), none of the Properties is dedicated for governmental use purposes.

(c) *Property 1—Remainder of Old Haller's Site:* As fully provided in Section B below, Property 1 will be disposed of and used pursuant to one of the following two plans:

(i) Plan One: The first priority plan will be for the Successor Agency to sell Property 1 to the anticipated buyer of the adjacent parcels and to distribute the sale proceeds to the Taxing Entities pursuant to Health and Safety Code Section 34191.5(c)(2)(B).

(ii) Plan Two: The second priority plan, if Plan One will not result in a timely liquidation and sale of Property 1, will be for the Successor Agency to transfer Property 1 to the City as a property needed for a project identified in the Approved Redevelopment Plan, as authorized by Section 34191.5(c)(2)(A). Such transfer to the City will not occur until the City has entered into a Compensation Agreement with the Taxing Entities for Property 1 that has been approved by the Oversight Board and the DOF. Following the transfer to the City under Plan Two, the City will seek the disposition of Property 1 to a

Developer pursuant to a DDA providing for use of Property 1 to implement a project identified in the Approved Redevelopment Plan.

(d) *Property 2—Remainder of Union Pacific Site:* As fully provided in Section C below, Property 2 will be disposed of as follows. The Successor Agency will transfer Property 2 to the City as a property needed for a project identified in the Approved Redevelopment Plan, as authorized by Section 34191.5(c)(2)(A). Such transfer to the City will not occur until the City has entered into a Compensation Agreement with the Taxing Entities for Property 2 that has been approved by the Oversight Board and the DOF. Following the transfer to the City, the City will seek the disposition of Property 2 to a Developer pursuant to a DDA providing for use of Property 2 to implement a project identified in the Approved Redevelopment Plan.

(e) *Property 3—Centerville Unified Site:* As fully provided in Section D below, Property 3 will be disposed of as follows. The Successor Agency will transfer Property 3 to the City as a property needed for a project identified in the Approved Redevelopment Plan, as authorized by Section 34191.5(c)(2)(A). Such transfer to the City will not occur until the City has entered into a Compensation Agreement with the Taxing Entities for Property 3 that has been approved by the Oversight Board and the DOF. Following the transfer to the City, the City will seek the disposition of Property 3 to BHV CenterStreet Properties, LLC (the "Current Centerville Unified Site Developer")[2] pursuant to a DDA with the Current Centerville Unified Site Developer providing for use of Property 3 to implement a project identified in the Approved Redevelopment Plan. If a DDA with the Current Centerville Unified Site Developer is not executed or does not yield a successful disposition, the City will seek the disposition of Property 3 to another Developer pursuant to a DDA providing for use of Property 3 to implement a project identified in the Approved Redevelopment Plan.

4. *Approved Redevelopment Plan*. The relevant "Approved Redevelopment Plan" that identifies the projects for which the Properties may be transferred to the City and thereafter disposed of to a Developer for development pursuant to a DDA consists of:

(a) The Consolidated Amended and Restated Redevelopment Plan For the Fremont Merged Redevelopment Project (the "Redevelopment Plan") adopted by the City Council of the City by Ordinance No. 5-2010 on March 16, 2010 (the "Redevelopment Plan Ordinance"); and

[2] Pursuant to the Exclusive Right To Negotiate Agreement (the "ERNA") for Property 3 described in Part 1 of this LRPMP, the proposed Current Centerville Unified Site Developer has already been selected and negotiations toward a mutually acceptable DDA are already underway. Upon transfer of Property 3 to the City in accordance with this LRPMP, the Successor Agency's right, title, and interest in the ERNA will be assigned to the City. If such negotiations do not result in an executed DDA, or if the Current Centerville Unified Site Developer does not acquire Property 3 pursuant to an executed DDA, then the City would seek the identification and selection of a new Developer as provided in Section A.6 of this Revised Part II.

(b) The accompanying Amended Implementation Plan for the Fremont Merged Redevelopment Project (the "Redevelopment Implementation Plan") adopted by the Former RDA by Resolution No. 410 on March 2, 2010 (the "Redevelopment Implementation Plan Resolution") in accordance with the requirements of Health and Safety Code Section 33490.

Copies of the Redevelopment Plan, the Redevelopment Plan Ordinance, the Redevelopment Implementation Plan, and the Redevelopment Implementation Plan Resolution are attached as Appendices I, J, K, and L of this LRPMP, respectively.

Appendix E of this LRPMP summarizes the goals, objectives and implementation programs in the Approved Redevelopment Plan that are relevant to the three Properties included in this LRPMP.[3] It is important to note that two of the Properties that are the subject of this LRPMP (the Union Pacific Site and the Centerville Unified Site) were considered so vital to the redevelopment effort that specific Implementation Programs for their redevelopment were included in the Redevelopment Plan (see Niles Area Goals and Objectives, Implementation Program 3, Projects; and Centerville Area Specific Goals and Objectives, Implementation Program 2, Projects).

In addition to the Property-specific programs included in the Redevelopment Plan, all three Properties also meet many of the broader goals and objectives of the Approved Redevelopment Plan, including:

- The elimination of adverse physical and economic conditions within the Project Area;
- The creation of sites of adequate shape and size for redevelopment; and
- The facilitation of higher density, mixed use, transit-oriented developments in appropriate locations.

See Appendix E for a more comprehensive analysis of the applicability of goals and objectives in the Approved Redevelopment Plan to the Properties.

5. *Compensation Agreements*. Each Compensation Agreement entered into by the City pursuant to this LRPMP:

(a) Shall address compensation to the Taxing Entities for one or more of the Properties that is transferred to the City in accordance with Health and Safety Code Section 34191.5(c)(2)(A) and this LRPMP;

[3] Appendix E also includes relevant goals, objectives, policies, and implementation measures from the City's current General Plan. Those provisions of the General Plan are expressly incorporated into and made a part of the Redevelopment Plan (see discussion at the top of page 10 of the Redevelopment Plan).

(b) Shall be executed by the City and all of the Taxing Entitles as identified by the County Auditor-Controller;

(c) Shall be approved by the Oversight Board and the DOF (or the DOF shall have indicated that it does not intend to review the Compensation Agreement pursuant to Section 34179(h)) prior to transfer of the applicable Property to the City in accordance with Health and Safety Code Section 34191.5(c)(2)(A) and this LRPMP;

(d) Shall provide that specified proceeds from the subsequent disposition of the Property by the City pursuant to a DDA will be distributed to all of the Taxing Entities on a pro rata basis in proportion to each Taxing Entity's share of base property tax revenues, as determined by the County Auditor-Controller;

(e) May provide for the retention by the City of specified proceeds from the subsequent disposition of the Property by the City pursuant to a DDA to reimburse the City for costs incurred for maintenance, improvement, and disposition of the Property, and for procurement of pollution legal liability insurance related to the Property; and

(f) May contain other mutually acceptable terms to implement the intent of Sections 34180(f) and 34191.5 and this LRPMP with respect to the Property.

Notwithstanding the foregoing or any other provision of the LRPMP, no Compensation Agreement shall be required, and the City may retain any proceeds from the disposition of a Property, if a court order, legislation or DOF policy reverses the DOF's directive regarding the need for a Compensation Agreement. In such case, any net disposition proceeds received by the City for disposition of a Property pursuant to a DDA[4] shall be used by the City to pay costs of one or more projects identified in the Approved Redevelopment Plan.

6. ***Principles and Guidelines for Development of Properties Transferred to City***. Upon transfer of a Property to the City pursuant to Section 34191.5(c)(2)(A) and this LRPMP for disposition and development of the Property to achieve a project identified in the Approved Redevelopment Plan, the City will cause the Property to be developed in accordance with the following principles and guidelines, and in accordance with the requirements of Chapter 2 of Part 4 of Division 1 of Title 5 of the California Government Code (commencing with Government Code Section 52201)[5].

(a) Qualified Real Estate Developer. Each Property will be disposed of to a qualified real estate Developer with the experience and financial capability to timely acquire

[4] Net disposition proceeds in this circumstance means the gross proceeds received by the City from such disposition, less the aggregate amount of any costs incurred by the City as described in paragraph (e) above, which may be retained by the City for any municipal purpose as a reimbursement for the City's advance of such costs.
[5] Added to the Government Code by SB 470 signed by the Governor on October 8, 2013, and effective as of January 1, 2014.

and develop the Property in accordance with an approved DDA (as further described below). The Developer will be selected through an appropriate selection process involving solicitation of interested prospective developers through a request for qualifications (RFQ), Request for Proposals (RFP), qualified bid or similar selection process.[6]

(b) DDA. Each Property will be disposed of and developed pursuant to an approved DDA. The purchase price or lease payments to be paid by the Developer of each Property under a DDA will equal not less than either the fair market value of the Property at its highest and best use or the fair reuse value of the Property at the use and with the covenants and conditions and the development costs authorized pursuant to the DDA, as determined by formal action of the City Council in accordance with Government Code Section 52201(b). Among other provisions, each DDA will require the Developer to:

(i) Meet specified pre-disposition conditions demonstrating its readiness and ability to commence construction;

(ii) Develop the Property in accordance with the General Plan, the Approved Redevelopment Plan, and the specific land use entitlements granted by the City in order to achieve a project identified in the Approved Redevelopment Plan; and

(iii) Commence and complete construction of the approved development within specified deadlines.

(c) City Council Approval. The Developer, the DDA, and any substantial amendment to the DDA for each Property will be subject to approval by the City Council at a public meeting duly noticed in accordance with the notice procedures described in Government Code Section 52201(a).

(d) Not Surplus Property. Because the City is obligated to dispose of the Properties in accordance with this LRPMP and to satisfy goals, objectives and purposes of the General Plan, the Redevelopment Plan, and the Redevelopment Dissolution Statutes, the Properties are not "surplus" property of the City and are not subject to the disposition requirements and procedures of the Surplus Lands Act (Government Code Section 54220 *et seq.*). Instead, disposition of the Properties in accordance with this LRPMP and to satisfy goals, objectives and purposes of the General Plan, the Approved Redevelopment Plan, and the Redevelopment Dissolution Statutes constitutes a "common benefit" that may take place under authority of Government Code Section 37350 and/or other disposition authority deemed appropriate by the

[6] The Current Centerville Unified Site Developer has already been selected as the proposed Developer for Property 3 (Centerville Unified Site), as more fully described in a previous footnote.

City. The provisions of the California Environmental Quality Act and Government Code Section 65402(a) regarding General Plan conformance will apply to the disposition by the City of each Property pursuant to a DDA.

B. Property 1: Remainder of Old Haller's Site

1. ***Plan for Disposition and Use.*** As detailed in Part I of this LRPMP, the only foreseeable buyer of Property 1 is the adjacent property owner or a potential buyer of the adjacent property who would be interested in assembling this otherwise undevelopable Property 1 street right-of-way remainder parcel with the adjacent property to create a developable site.

As of the submittal of this Revised Part II of the LRPMP for Successor Agency Governing Board and Oversight Board approval in November 2013, the current owner of the adjacent property has entered into a purchase option agreement for the adjacent property with Bay Area Investment Properties, LLC (the "Prospective Property 1 Buyer"). In turn, the Prospective Property 1 Buyer has approached the Successor Agency to express its willingness to purchase Property 1 for $186,000, representing one of the highest of the fair value estimates for Property 1 determined in the May 2013 appraisal commissioned by the Successor Agency and prepared by Smith & Associates, as reported in Part I of this LRPMP.

Because of the unique circumstances of this remnant parcel, the Successor Agency has determined that such a price is the maximum value achievable for the sale of Property 1 in the foreseeable future. As a result, the Successor Agency has negotiated and prepared a purchase and sale agreement with the Prospective Property 1 Buyer (the "Property 1 PSA") whereby the Successor Agency would liquidate and sell Property 1 for the fair value of $186,000. The Successor Agency has presented the Property 1 PSA to the Successor Agency Governing Board and the Oversight Board for consideration of approval concurrently with the Oversight Board's consideration of approval of this Revised Part II of the LRPMP.

Set forth below are two alternative methods for disposition and use of Property 1. The first approach, "Plan One", involves the direct liquidation and sale of Property 1 by the Successor Agency to the Prospective Property 1 Buyer in accordance with the Property 1 PSA, and is the first priority approach to be implemented by the Successor Agency under this LRPMP. If the Successor Agency determines that Plan One will not result in a timely sale of Property 1, then it will implement "Plan Two" as further described below.

(a) Plan One. Under Plan One, and subject to approval of the Property 1 PSA by the Oversight Board and the DOF, the Successor Agency will proceed to sell Property 1 to the Prospective Property 1 Buyer in accordance with the Property 1 PSA. Promptly following receipt of the sales proceeds under the Property 1 PSA, the Successor Agency will remit the sales proceeds to the County Auditor-Controller for distribution as property tax to the Taxing Entities in accordance with Section 34191.5(c)(2)(B).

(b) Plan Two. If the Successor Agency determines that Plan One will not result in a timely liquidation and sale of Property 1, the Successor Agency and the City will then implement Plan Two through the following steps:

(i) The Successor Agency will cause the City to enter into a Compensation Agreement for Property 1 meeting the requirements of Section A.5 above.

(ii) The City and the Successor Agency will submit the Compensation Agreement to the Oversight Board and seek the Oversight Board's approval of the Compensation Agreement and direction pursuant to Section 34181(a) to transfer Property 1 from the Successor Agency to the City (collectively, the "Oversight Board Property 1 Action"). The Successor Agency will comply with the noticing requirement of Section 34181(f) in connection with the Oversight Board Property 1 Action.

(iii) The Successor Agency will transmit the Oversight Board Property 1 Action to the DOF pursuant to Section 34179(h), and seek DOF approval of the Oversight Board Property 1 Action (the "DOF Approval").

(iv) Upon receipt of the DOF Approval, the Successor Agency will transfer fee title to Property 1 to the City in accordance with Section 34191.5(c)(2)(A).

(v) The City will select a Developer, and negotiate and cause approval and execution of a DDA with the Developer for the disposition and use of Property 1 in accordance with the requirements of Section A.6 above.

(vi) The City will dispose of Property 1 to the Developer in accordance with the executed DDA.

(vii) The City will distribute sales proceeds from the disposition of Property 1 to the Taxing Entities at the time and in the amounts and manner provided in the Compensation Agreement for Property 1.

2. *Detailed Reasons for Planned Use/Disposition*. For the following reasons, a transfer of Property 1 to the City under Plan Two above is authorized pursuant to Section 34191.5(c)(2)(A). As called for in Section A.6 above, the DDA for Property 1 will require that Property 1 be developed for a project identified in the Approved Redevelopment Plan—in this case, for assemblage with the adjacent property and development of a suitable residential development.

Specifically, Property 1 is identified in the Redevelopment Implementation Plan (Appendix K) as new construction in the development pipeline and is known as Crown Court. Appendix M provides the approved plans for the 27-unit multifamily condominium project. After the Central Avenue street improvements were completed, the remainder Property 1 was reprogrammed for assemblage with this multi-family housing project. Development of the project as planned for in this LRPMP would achieve the planning goals and objectives identified in Appendix E and summarized below.

Because the Property's shape and area are so constrained, it cannot be developed in conformance with the underlying land use and zoning requirements. General Plan land use and Redevelopment Plan policy directs that problem, irregular parcels such as this Property be merged with adjacent parcels when development is proposed to ensure the most productive and efficient use of land. General Plan policies support infill development on sites such as this Property to eliminate gaps that disrupt the continuity of the community.

As described and called for in the Redevelopment Implementation Plan, development of this project on the Property and adjacent parcels would further enhance the connectivity of the Centerville Area by eliminating a vacant blighted property with strategically located, multi-family housing. As a result, the project would influence increased economic viability of the area, enhanced property values, increased property taxes for local taxing entities, and the enhanced appearance of utilities and street facilities, all of which would encourage additional new private sector construction and investment in the Centerville Area and create an expanded tax base to serve that new development. In addition to improving the overall quality of the residential condominium project, inclusion of Property 1 in the project site enables construction of six of the 27 units that would otherwise not be possible in the project, with the attendant specific increases in the community's housing stock and in property tax revenues available to local taxing entities.

C. Property 2: Remainder of Union Pacific Site

1. ***Plan for Disposition and Use.*** The Successor Agency and the City will cause the disposition and development of Property 2 through the following steps:

(a) The Successor Agency will cause the City to enter into a Compensation Agreement for Property 2 meeting the requirements of Section A.5 above.

(b) The City and the Successor Agency will submit the Compensation Agreement to the Oversight Board and seek the Oversight Board's approval of the Compensation Agreement and direction pursuant to Section 34181(a) to transfer Property 2 from the Successor Agency to the City (collectively, the "Oversight Board Property 2 Action"). The Successor Agency will comply with the noticing requirement of Section 34181(f) in connection with the Oversight Board Property 2 Action.

(c) The Successor Agency will transmit the Oversight Board Property 2 Action to the DOF pursuant to Section 34179(h), and seek DOF approval of the Oversight Board Property 2 Action (the "DOF Approval").

(d) Upon receipt of the DOF Approval, the Successor Agency will transfer fee title to Property 2 to the City in accordance with Section 34191.5(c)(2)(A).

(e) The City will select a Developer, and negotiate and cause approval and execution of a DDA with the Developer for the disposition and use of Property 2 in accordance with the requirements of Section A.6 above, and as further described below.

(f) The City will dispose of Property 2 to the Developer in accordance with the executed DDA.

(g) The City will distribute sales proceeds from the disposition of Property 2 to the Taxing Entities at the time and in the amounts and manner provided in the Compensation Agreement for Property 2.

In addition to the provisions for the Property 2 DDA described in Section A.6 above, the DDA may provide for an exchange of land between the City and the Developer, whereby the land with frontage at 37682, 37804 and 37822 Niles Boulevard that is currently owned by the City (the "Current City Land") may be exchanged in whole or in part with Property 2 (which is located behind the Current City Land) to enable private development by the Developer on the exchanged portion of the Current City Land and development of public parking or related public amenities on the exchanged portion of Property 2, thereby enabling a more efficient land use of the area and potentially generating a higher purchase price payable under the DDA for Property 2. This purpose may also be achieved through a resubdivision of the combined Current City Land and Property 2, and sale of the resubdivided land intended for private development to the Developer pursuant to the Property 2 DDA.

2. ***Detailed Reasons for Planned Use/Disposition.*** For the following reasons, a transfer of Property 2 to the City is authorized pursuant to Section 34191.5(c)(2)(A). As called for in Section A.6 above, the DDA for Property 2 will require that Property 2 be developed for a project identified in the Approved Redevelopment Plan—in this case, for development of a suitable mixed use development as further described below.

Property 2 is expressly identified in the Redevelopment Implementation Plan for development as a mixed use retail and multifamily residential or office project under Niles Area Implementation Program 2 and in the General Plan Community Plan Chapter as Implementation Policy 11-8.12.C (Former UP Property). Appendix N provides a conceptual site plan of Property 2 as planned for in this LRPMP that was commissioned by the Former RDA in 2009 to further demonstrate Fremont's commitment to redevelopment of this site to invigorate the historic Nile Area. Property 2 is estimated to support approximately 29,000 square feet of ground floor retail space units fronting Niles Boulevard with 29,000 square feet of office or multifamily apartments above the retail on the second floor. If apartments replaced the office uses on the second floor, approximately 20 units would be provided.

Development and introduction of mixed retail and residential or office uses on Property 2 would further synergize pedestrian activities while providing more opportunity for a greater variety of small scale retail businesses to serve the Niles community. As a result, development of Property 2 would eliminate gaps in the development pattern, expand the

retail mix, and activate the area around the Niles Town Plaza, as planned for in both the General Plan and Redevelopment Plan.

As described and called for in the Redevelopment Implementation Plan, development of Property 2 as planned in this LRPMP would eliminate a large blighted property resulting in increased economic viability of the commercial area, enhanced property values, an increase in the number of commercial facilities, increased property and sales taxes to local taxing entities, enhanced signage and façade designs, and create an expanded tax base to serve that development, all of which would encourage additional new private sector construction and investment in the Niles Area.

D. Property 3: Centerville Unified Site

1. *Plan for Disposition and Use.* The Successor Agency and the City will cause the disposition and development of Property 3 through the following steps:

(a) The Successor Agency will cause the City to enter into a Compensation Agreement for Property 3 meeting the requirements of Section A.5 above.

(b) The City and the Successor Agency will submit the Compensation Agreement to the Oversight Board and seek the Oversight Board's approval of the Compensation Agreement and direction pursuant to Section 34181(a) to transfer Property 3 from the Successor Agency to the City (collectively, the "Oversight Board Property 3 Action"). The Successor Agency will comply with the noticing requirement of Section 34181(f) in connection with the Oversight Board Property 3 Action.

(c) The Successor Agency will transmit the Oversight Board Property 3 Action to the DOF pursuant to Section 34179(h), and seek DOF approval of the Oversight Board Property 3 Action (the "DOF Approval").

(d) Upon receipt of the DOF Approval, the Successor Agency will transfer fee title to Property 3 to the City in accordance with Section 34191.5(c)(2)(A).

(e) The City will negotiate and seek approval and execution of a DDA with the Current Centerville Unified Site Developer for the disposition and use of Property 3 in accordance with the requirements of Section A.6 above.[7]

(f) If a DDA is approved and executed with the Current Centerville Unified Site Developer and if the conditions precedent to disposition of Property 3 under the

[7] The City may negotiate, approve and execute a DDA with the Current Centerville Unified Site Developer prior to the completion of steps (a) through (d) above, provided that the City's obligation to dispose of Property 3 to the Current Centerville Unified Site Developer will be subject to and conditioned upon completion of steps (a) through (d) above.

DDA are met or waived, the City will dispose of Property 3 to the Developer in accordance with the executed DDA.

(g) The City will distribute sales proceeds from the disposition of Property 3 to the Taxing Entities at the time and in the amounts and manner provided in the Compensation Agreement for Property 3.

The following steps will apply in place of steps (f) and (g) above if the City and the Current Centerville Unified Site Developer do not enter into a DDA, or if, after entering into the DDA, the Developer does not meet the conditions and requirements for and does not become entitled to the disposition of Property 3 from the City. Under either of those circumstances:

(h) The City will select another Developer, and negotiate and cause approval and execution of a DDA with that Developer for the disposition and use of Property 3 in accordance with the requirements of Section A.6 above, and as further described below.

(i) The City will dispose of Property 3 to that Developer in accordance with the executed DDA.

(j) The City will distribute sales proceeds from the disposition of Property 3 to the Taxing Entities at the time and in the amounts and manner provided in the Compensation Agreement for Property 3.

In the event that Property 3 is not disposed of to the Current Centerville Unified Site Developer, such that the City must implement steps (h) through (j) above, then the City may take the following additional actions if it determines that such actions will result in a more timely and beneficial disposition of Property 3. The City may subdivide Property 3 into two or more private development parcels, select separate Developers with respect to the various subdivided private development parcels, negotiate and execute separate DDAs for the various subdivided private development parcels, and dispose of the various subdivided private development parcels pursuant to those separate DDAs. If the City takes these or similarly intended actions, then the requirements set forth in steps (h) through (j) will apply separately with respect to each subdivided private development parcel within Property 3.

2. *Detailed Reasons for Planned Use/Disposition*. For the following reasons, a transfer of Property 3 to the City is authorized pursuant to Section 34191.5(c)(2)(A). As called for in Section A.6 above, the DDA for Property 3 will require that Property 3 be developed for a project identified in the Approved Redevelopment Plan—in this case, for development of a suitable mixed use development as further described below.

Property 3 is also expressly identified in the Redevelopment Implementation Plan as a mixed use retail and multifamily residential project under Centerville Area Implementation Program 2 and in the General Plan Community Plan Chapter as Implementation Policy 11-3.3.A (Centerville Unified Site). Appendix O provides the conceptual elevations and site plan for development of the Property by the Current Centerville Unified Site Developer with 184 units and 28,641 square feet of retail. Development of the project as planned for in this LRPMP would achieve the planning goals and objectives identified in Appendix E and summarized below.

Property 3 is the largest consolidated area of vacant land in the Centerville Area. It has been, for decades, the City's vision that it would be redeveloped with a vibrant mixed use project that would incentivize significant private investment into the rest of Centerville. The Property is optimally located to provide infill development at urban densities while respecting the historic character of the retail area along Fremont Boulevard. The Former RDA acquired and assembled the multiple parcels comprising Property 3 expressly to achieve this focused, urban mixed use growth. The Former RDA progressed toward this vision through its collaboration with master developers and its extensive efforts to remediate its environmental contamination to ensure its ultimate development as envisioned.

Development of Property 3 in this manner would significantly enhance the connectivity of the Centerville Area by eliminating a large vacant site with a strategically located, transit proximate, urban mixed retail and multi-family development. Its development would enhance the Fremont Boulevard streetscape with modern buildings, it would provide additional market rate and affordable housing opportunities for the community, and it would create an economically viable and property tax generating use thus stimulating private sector reinvestment into adjacent properties in the historic Centerville Area. Additionally, Fremont Boulevard itself would be improved with pedestrian scale enhancements to further activate the area.

As described and called for in the Redevelopment Implementation Plan, development of Property 3 as planned in this LRPMP would eliminate a large blighted property resulting in increased economic viability of the commercial area, enhanced property values, an increased number of commercial facilities, increased property taxes and sales taxes for local taxing entities, an enhanced appearance of utilities and street facilities, and enhanced signage and façade designs, all of which would encourage additional new private sector construction and investment in the Centerville Area and create an expanded tax base to serve the new development.

E. <u>Interim Permitted Uses</u>

This LRPMP anticipates economic conditions may not be immediately conducive for private development on some or all of the Properties that may be transferred to the City in accordance

with Section 34191.5(c)(2)(A) for development of a project identified in the Approved Redevelopment Plan, given a sluggish national economic recovery evidenced locally by a continued reduction in applications for land use entitlement and building permits from that in the mid-2000's.

As such, until the long term, optimal planned use of each Property transferred to the City becomes financially feasible, the City may use the applicable Property for an interim municipal use, such as for pocket parks, landscape features, bus shelters, parking lots available for community events, and other similar uses. Any net proceeds of such use, after deducting the City's reasonable cost of operation and maintenance of the Property, will be distributed to the Taxing Entities in accordance with the applicable Compensation Agreement.

F. Estimated Property and Sales Tax Revenue

While the property tax revenue and other local fiscal benefits of the completed development of each Property will also depend on market conditions and other financial factors, it is preliminarily estimated that, upon completion of developments, each Property will generate annual property taxes and annual sales taxes receivable by the various taxing entities as shown in Table 2.

Table 2: Estimate of Total Property and Sales Tax Revenue for All Taxing Entities

Property	Annual Property Tax Estimate	Annual Sales Tax Estimate
No. 1—Remainder of Old Haller's Site	$113,000	$0
No. 2—Remainder of Union Pacific Site	$174,000	$548,000
No. 3—Centerville Unified Site	$515,000	$554,400

The assumptions and methods used to identify the tax revenue estimates for each Property are as follows:

1. ***Property 1—Remainder of Old Haller's Site:*** Property tax for the 27-unit residential condominium project approved for this site was estimated by calculating the construction cost using a standard building industry construction index known as *"RS Means Construction Index (2010),"* including applying the San Francisco Bay Area construction cost adjustment factor identified in the index. For this project, the 47,000 total square feet comprising the 27 units have an adjusted construction cost of $8.3 million. The 33,000 total square feet of subgrade parking structure have an adjusted construction cost of $3 million. As such, the combined total construction cost for this project is $11.3 million. Applying a one percent property tax rate, the total anticipated property tax for all taxing entities is $113,000 annually. This project does not include any retail or office uses. As such, it would not generate any sales tax.

2. ***Property 2—Remainder of Union Pacific Site****:* While there is no proposed development for this Property yet, conceptual plans for the site (Appendix N) commissioned by the Former RDA envision two-story development fronting Niles Boulevard providing approximately 58,000 total square feet of building area. Half of this area (or 29,000 square feet) is assumed to be retail on the ground level with the remaining area (also 29,000 square feet) to be office space on the second floor.[8] Using the construction cost for similar mixed use projects in the Fremont area, it was assumed that the 58,000 square feet would cost about $300 per square foot to build, or a total of $17.4 million. Applying a one percent property tax rate, the Property is anticipated to generate about $174,000 in annual property tax for all taxing entities.

Sales tax for Property 2 was estimated by consulting *Hdl Companies* retail store taxable sales estimates for April 2012. The estimated annual retail sales was averaged at approximately $350 per square foot of retail space, and then multiplied by the Alameda County sales tax rate of nine percent to determine the sales tax per square foot of sales tax producing retail space. It is assumed that only 60 percent of the ground floor area will be occupied by sales tax producing uses with the remaining 40 percent of the area occupied by general professional and general service uses that do not produce sales tax. The 29,000 square feet of second floor office uses would not produce sales tax either. Accordingly, the assumed 60 percent (or 17,400 square feet) of ground floor retail uses are assumed to produce approximately $548,000 in annual sales tax to all local taxing entities and the State of California.

3. ***Property 3—Centerville Unified Site****:* As described, the Successor Agency has entered into the ERNA with the Current Centerville Unified Site Developer. At present, the Centerville Unified Site Developer is proposing to build 184 apartment units and 28,641 square feet of ground floor retail fronting Fremont Boulevard. The preliminary proforma analysis for this proposed development estimates that total annual property tax to all taxing entities would be $515,000 and the total annual sales tax to all local taxing entities and the State of California would be approximately $554,400. The sales tax estimate assumes that 60 percent of the ground floor area would be occupied by sales tax generating uses, with the remaining 40 percent of the area as non-sales tax generating general professional and general services uses.

[8] This estimate is based on a second floor office use. Under certain circumstances, a residential use could also be considered as a second floor use.