

BACKGROUND

As Hayward Unified School District (HUSD) owns a number of under-utilized properties and is facing declining enrollment, DCG Strategies, Inc. (DCG) was contracted to assist HUSD with a real estate and zoning analysis of eight District-owned, non-school properties. This analysis will provide the District with market data and options to make informed decisions regarding its under-utilized real estate assets to help improve operational efficiency and better serve the Hayward educational community. A summary of DCG's analysis is presented here, and a copy of the full report is available in the Appendix.

GOALS

By directing this analysis, HUSD will be able to evaluate opportunities related to its under-utilized properties, which may include:

- Sale of surplus properties to other public or non-profit agencies who may build affordable/workforce housing or other special purpose/community benefit uses
- Sale of surplus properties to private entities for development with requirements to build affordable/workforce housing or other special purpose/community benefit uses
- Sale of surplus properties to private entities for development with no requirements
- Development by HUSD of affordable/workforce housing or other special purpose/community benefit uses

ANALYSIS

DCG's analysis and valuation process included, but was not necessarily limited to, site visits for each property (exterior walkthrough only), research of local City and County zoning code and ordinances, general commercial and residential market research, local sales comparable research and review of contextual influences within each neighborhood.

The development landscape in Hayward has been robust over the last several years and demand is continuing to grow. Currently, residential development is the most common development type in Hayward as, politically, there has been a concerted effort to increase housing stock throughout the City. Additionally, the predevelopment stance currently within the City is leading to increased redevelopment and a higher percentage of projects being approved for medium- or high-density redevelopment, as opposed to low-density.

Recently, the Association of Bay Area Governments issued their housing needs allocations, which is intended to help cities set residential development goals. The City of Hayward has been allocated 4,624 units to be built by 2031. Should HUSD choose to develop all 9 sites (totaling ~72 acres) studied for residential housing, this would have the ability to contribute 1,100 to 1,250 residential units to the city's 4,624 unit requirement. While the District is not likely to sell all of these sites, it provides insight into the need for housing and the larger picture.

Further, this study is aligned with the City of Hayward's Homelessness Reduction Strategic Plan, which identifies homelessness and housing affordability as key issues in the community. Between 2017 and 2019, the City experienced a 23% growth in homelessness.

CONCLUSIONS

Based on this study of land use regulations governing the development of each property and local market conditions, we have concluded that the highest and best use of each site would be for the development of housing ranging from low-density residential to high-density residential based on the site and its surrounding location. The primary factors informing this conclusion are each site's proximity to major roadways and transportation, anticipated future population growth and the demand for increased housing supply in Hayward.

For reference, the following table presents DCG's estimated mid-point of value ranges based on the residual land value of each site assuming sale to a private entity with no conditions on use.

Site	Mid-point of Value Range
Former Shepherd Elementary	\$23 million
Former John Muir Elementary	\$12 million
Former Cherryland Elementary	\$16 million
Former Highland Elementary	\$15.5 million
Former Bidwell Elementary (Remaining Portion)	\$8.25 million
Former Peixoto Elementary	\$14.25 million
Former Sunset High	\$39 million
Laurel Adult School	\$10.75 million
Totals	\$138.75 million

This conclusion means HUSD has several viable options to consider in pursuit of the Goals stated above.

To consider the sale or lease of any of its properties, HUSD would have to go through the surplus and disposal process as governed by Education Code 17388. This includes forming a District Advisory Committee, commonly known as a "7-11Committee," which would make recommendations to the Board of Education regarding the use of surplus properties.

HUSD followed this process in 2019 and sold 50% of the Bidwell Elementary School campus to the Hayward Area Recreation District (HARD) for \$6.3 million. HARD is planning a community park on that property. HUSD is using the revenue received to modernize Treeview Elementary School.

Alternatively, although residential development has been identified as the highest-and-best-use for these properties, HUSD can also look at other uses of its current properties that will more effectively utilize resources, reduce its short-term and long-term costs to operate, maintain and be liable for, and create new opportunities for community improvements.

These alternative uses could include:

- Community Centers
- Public Parks
- Religious Centers
- Commercial Development
- Tear Down
- Others