

CITY COUNCIL MEETING

MAY 3, 2022

PRESENTATIONS

WORK SESSION

ITEM #10

WS 22-012

**PROPOSED TRAFFIC
IMPACT FEES
AND
NEXUS STUDY**

City of Hayward Traffic Impact Fee

City Council Work Session

May 3, 2022

Agenda

- City Goals and Purpose
- Process Overview & Stakeholder Outreach
- Feasibility Findings
- Staff Recommendation
- Jurisdictional Comparisons
- Stakeholder Feedback
- Local Transportation Analysis Process
Integration & Coordination
- Next Steps
- Q&A

City Goals and Purpose

- Address **impacts of growth** on City streets
- **Streamline** City transportation **review process**
- **Avoid disincentivizing** new development
 - Evaluate financial feasibility
 - Compare across jurisdictions
- Be attentive to **economic recovery** in sectors most impacted by COVID

Process Overview

Traffic Impact Fee (TIF)

- **Nexus Study** provides maximum allowable fees
- **Feasibility Study** analyzes development feasibility and impact of TIF
- **Jurisdictional Comparisons**
- **Staff Recommendation**

Local Transportation Analysis (LTA) Process

- **Simplify LTA Process**
- **Integrate with TIF** to avoid disincentivizing new development

Stakeholder Outreach

Key Dates and Meetings

- Individual meeting with **Chamber of Commerce** – 1/25/2022
- The Stack Extra Edition TIF article distributed to **65,000 subscribers** – 2/2/2022
- Email invitation to **420 developer contacts** – 2/2/2022
- **Stakeholder Presentation** and meeting – 2/9/2022
- LinkedIn post shared by Economic Development Manager Paul Nguyen to **1,450 followers** including **industrial and commercial developers** – 2/23/2022
- **Council Infrastructure Committee** presentation – 2/23/2022
- Presentation to the **Chamber of Commerce Government Relations Committee** – 3/4/2022

Stakeholder Outreach Post CIC Meeting

Key Dates and Meetings

- **Personal outreach** to **40+** stakeholders – week of 3/21/2022
- Email invitation to **420 developer contacts** plus an additional **200 contacts provided by the Chamber** – 3/9/2022
- **Social media** posts advertising upcoming presentation – 3/28/2022
- Second **Stakeholder Presentation** and meeting – 3/31/2022
- **Planning Commission** Presentation – 4/14/2022

Benefits of Traffic Impact Fee

Increased Certainty

- Fee schedule available in advance
- Plan for approximate fee based on schedule
- Systemwide transportation improvement costs are spread across all new development

Simplified Process

- Simplifies the overall LTA process
- Improvements in the TIF are excluded from LTA

Decreased LTA Costs

- With TIF traffic study costs are reduced
 - Current: \$50,000 – 65,000
 - With TIF: \$25,000 – 40,000

Reduced Approval Time

- Time required for review and approval of LTA are reduced
 - Current: ~ 12 weeks
 - With TIF: ~ 6-8 weeks

Development Feasibility Summary

PROMISING | **POSSIBLE** | **MARGINAL** | **CHALLENGED**

Promising: Industrial Warehouse

- Extremely strong regional demand
- Central location
- Modeling shows positive residual land value

Possible: Life Sciences

- Strong regional demand
- Development costs are very high for these products
- Need high rents, possibly upward of \$50 psf

Development Feasibility Summary

PROMISING | POSSIBLE | MARGINAL | CHALLENGED

Marginal:

Single Family Residential

- Strong regional demand for housing
- Some development is occurring, especially townhouses
- Strong sales prices
- High development and land costs create challenges

Multifamily Residential

- Limited recent multifamily development
- Impacts of pandemic and ongoing eviction moratoria
 - Decreased lease rates
 - Increase vacancy rates and credit loss
- Strong regional demand for housing

Development Feasibility Summary

PROMISING | POSSIBLE | MARGINAL | CHALLENGED

Challenged

Retail Center (Anchored)

- Uncertain future due to pandemic
- Achievable lease rates do not support new construction
- Some retail anchors can make new retail more feasible

Retail – Restaurant

- Similar trends to general retail
- Housing growth may support incremental additions to inventory

Commercial Office

- Weak market demand
- Lease rates generally do not support new construction

Staff Recommendation

Land Use	Maximum Allowable	Reduction	Fee	Feasibility	Waived?
Single Family (per unit)	\$11,584	70%	\$3,475	Marginal	No
Multifamily (per unit)	\$7,761		-	Marginal	Yes*
Retail (per KSF)	\$19,460		-	Challenged	Yes*
Office (per KSF)	\$16,449		-	Challenged	Yes*
General Industrial (per KSF)	\$4,633	30%	\$3,243	Promising	No
Distribution/e-Commerce (per KSF)	\$8,224	30%	\$5,757	Promising	No

- KSF is one thousand square feet
- *For development feasibility purposes

Staff Recommendation

Fee Reductions

- Reduce residential rates by 70%
- Reduce nonresidential rates by 30%

Postpone Selected Land Uses

- Postpone implementation of traffic impact fees for multifamily, retail and office
- Serve broad economic development and public purposes

Multiple Industrial Categories

- Include separate rates for different industrial uses: General Industrial and Distribution/e-Commerce

Staff Recommendation

Exemptions

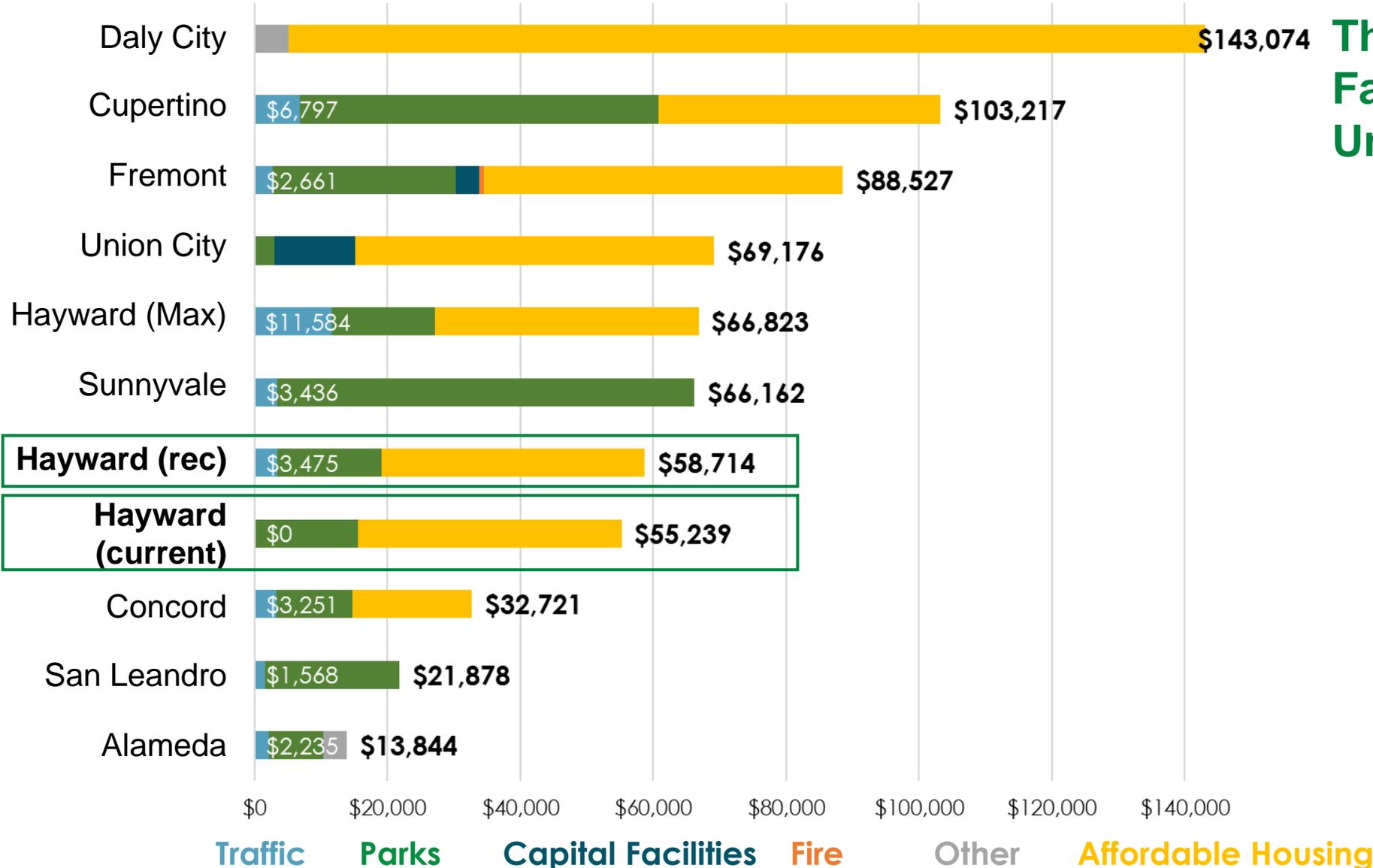
- Affordable Housing consistent with Park In-Lieu Fee
- ADUs

Process

- Effective July 1, 2022
- Entitlement applications submitted before July 1 will be grandfathered at current rates
- Include annual automatic construction inflation index
- Review TIF rates and program after three years

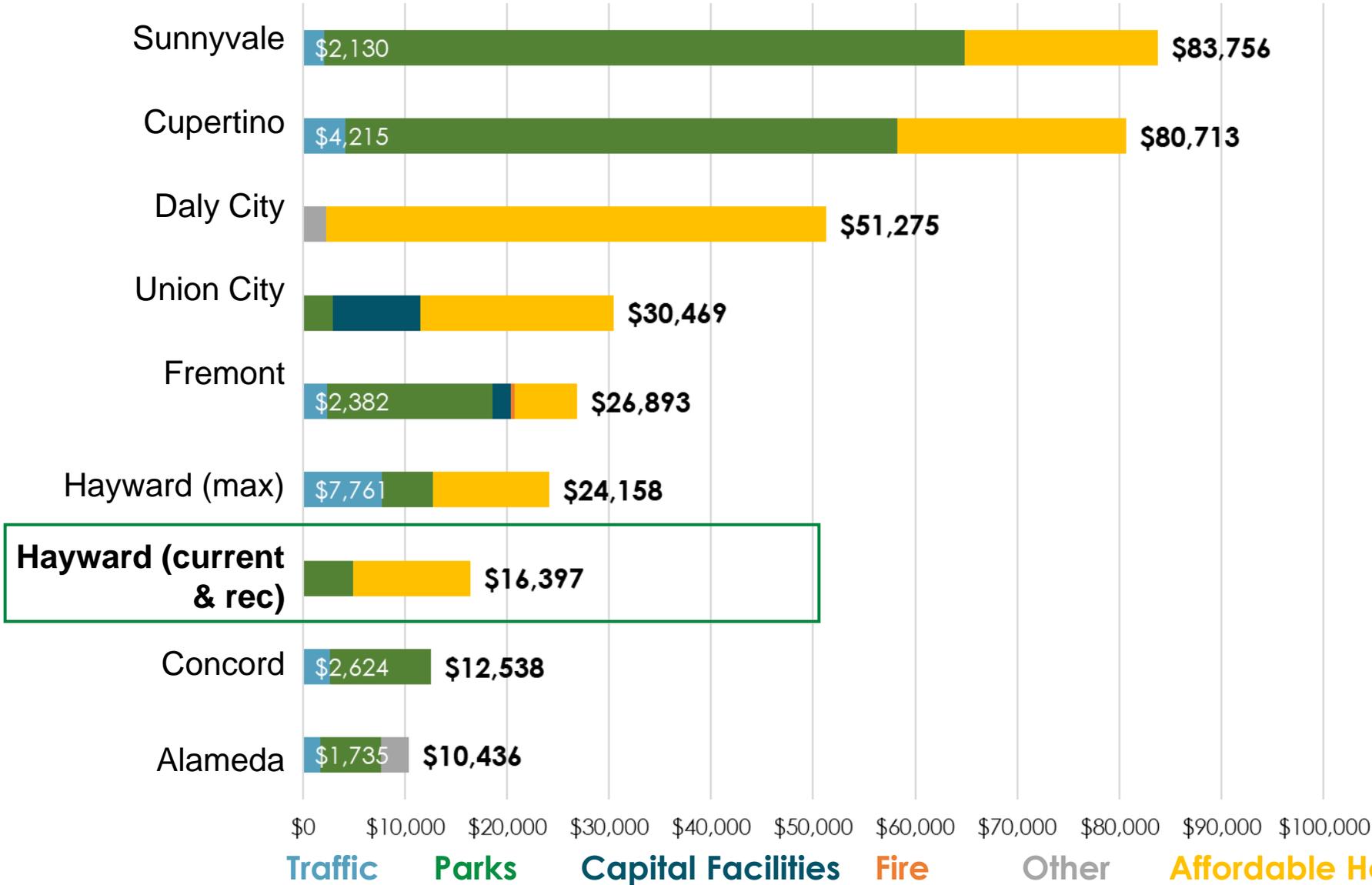
Fee Comparison: Single Family

Three Bedroom Single Family Attached Dwelling Unit (2,000 sq ft)



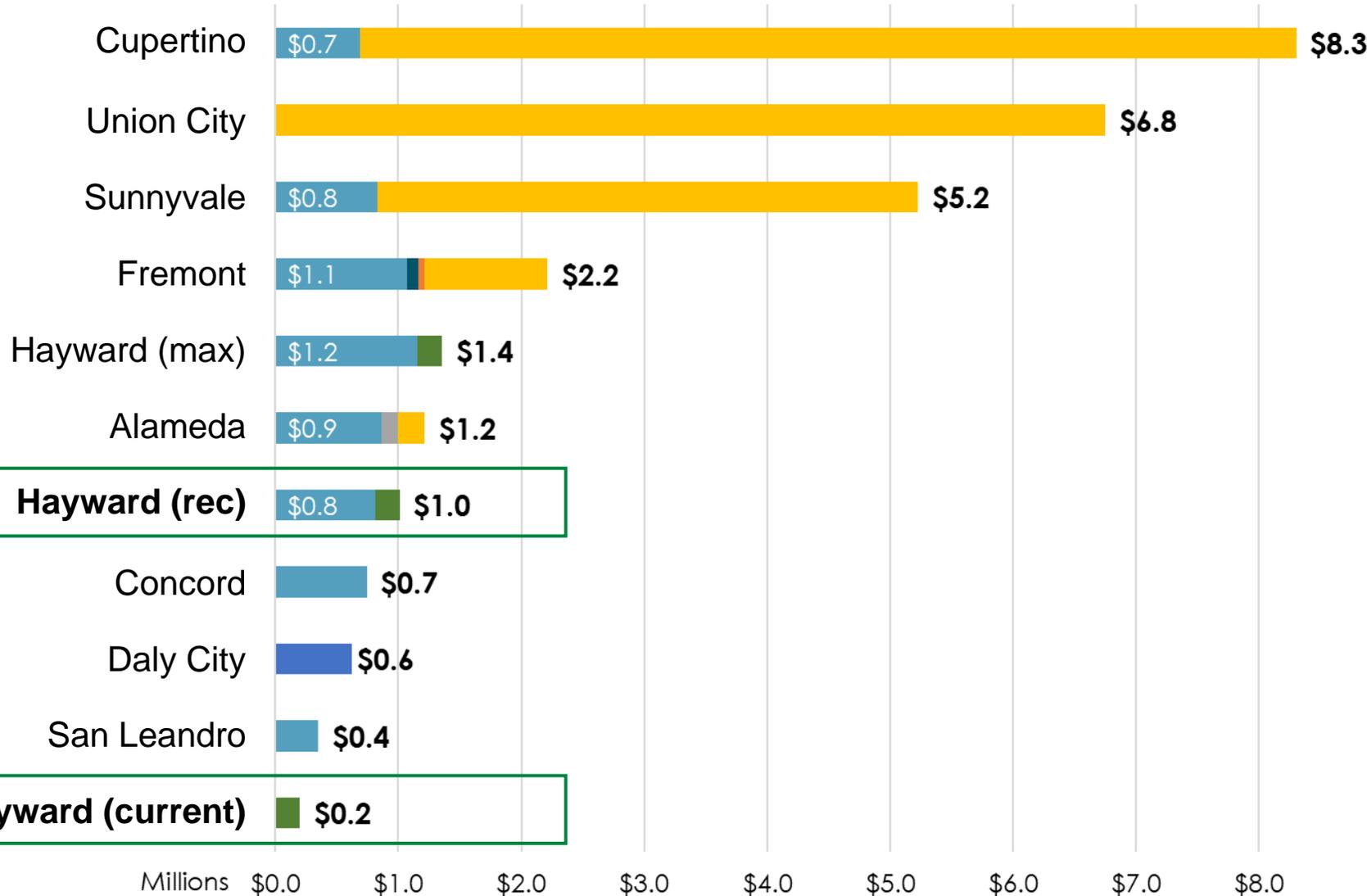
Fee Comparison: Multifamily

Prototype 2: One Bedroom Multifamily Dwelling Unit (700 sq ft)
 Staff recommend **postponing** multifamily fees



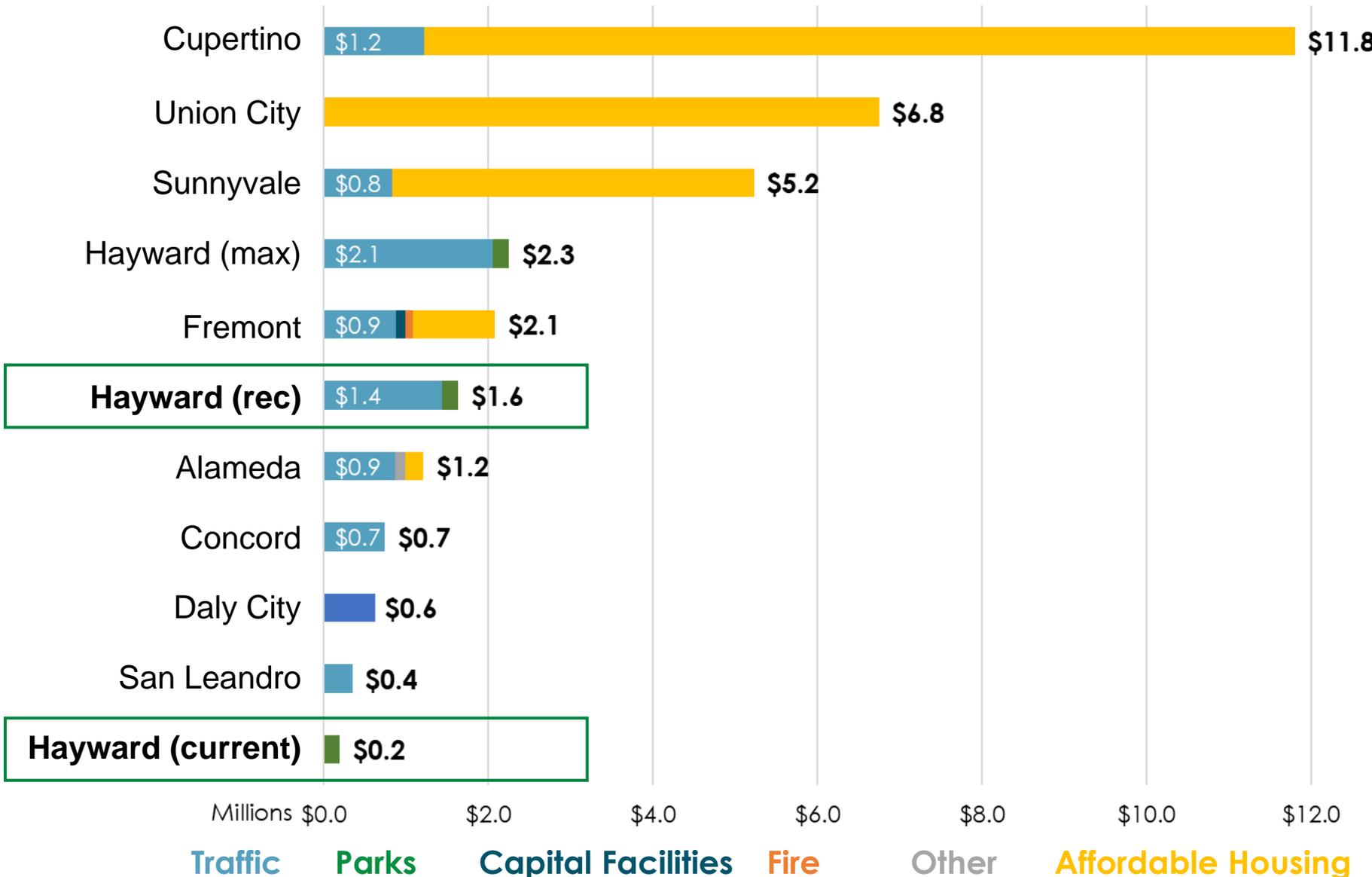
Fee Comparison: General Industrial

Prototype 3: General Light Industrial/Spec Warehouse (250,000 sq ft)

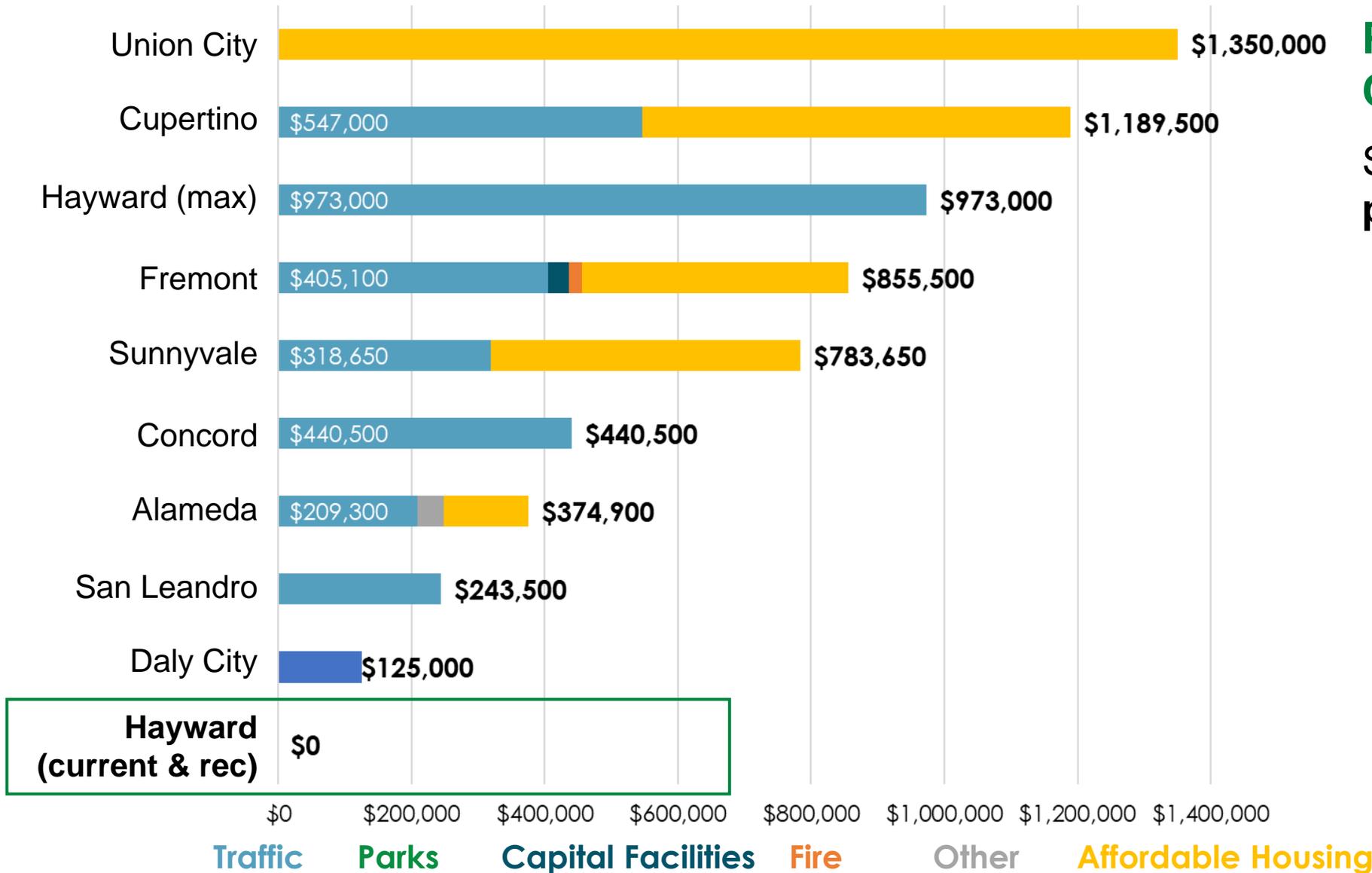


Fee Comparison: Distribution/e-Commerce

**Prototype 3:
Distribution/e-
Commerce (250,000
sq ft)**



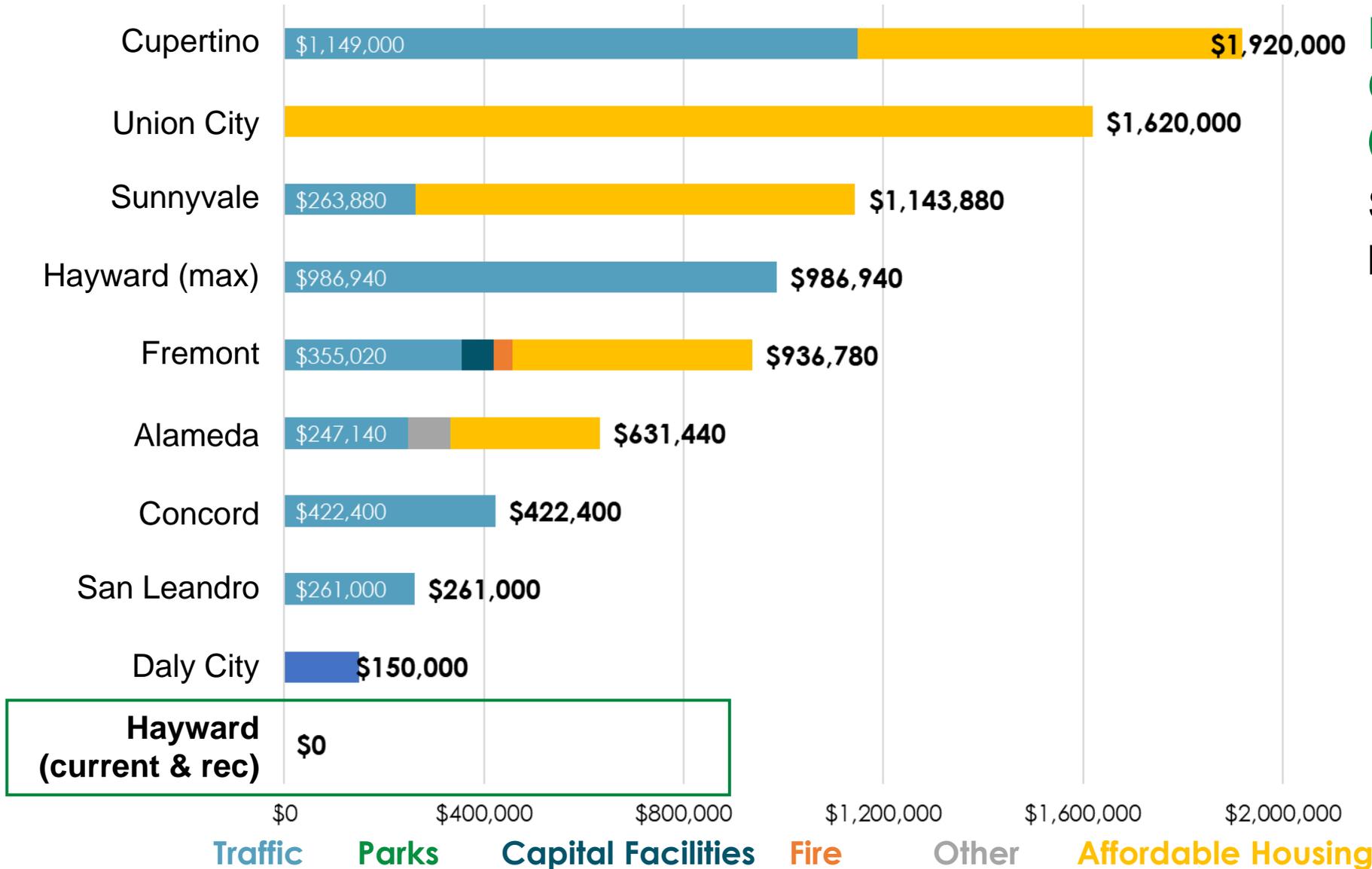
Fee Comparison: Retail



Prototype 4: Retail Center (50,000 sq ft)

Staff recommend **postponing** retail fees

Fee Comparison: Office



**Prototype 6:
Commercial Office
(60,000 sq ft)**

Staff recommend
postponing office fees

Stakeholder Feedback

Fee Reduction for Single Family

- Should the single family rate be increased?
- Staff response:
 - Single family is experiencing significant demand
 - **But** construction and land costs are high
 - Analysis shows marginal feasibility for single family

Use of Funds for Alternative Modes of Transport

- Funds collected from TIF should be used mostly for improvements for **biking, walking and transit**
- Staff Response:
 - 82% of TIF fund is dedicated to bike and pedestrian improvements
 - 18% is dedicated to vehicular/transit improvements and improvements that benefit all modes

Stakeholder Feedback

Impacts to Pipeline Projects

- Concerns about impacts on projects in pipeline
- Staff response:
 - No fee for projects currently in pipeline
 - Projects submitted after adoption subject to fee

Transit Capital Costs

- Concerns that original Nexus Study did not include capital costs for AC Transit projects
- Staff response:
 - Coordinated with AC Transit on projected capital costs
 - Coordinated with TJKM to update the Nexus Study accordingly

Developer Feedback (3/4)

Outreach process

- Chamber of Commerce and other Stakeholders recommended additional outreach to development community
- Staff response:
 - Scheduled a **second stakeholder** meeting
 - Conducted **personal outreach to 40 + stakeholders** to enhance outreach process

Grandfathering for In Progress Applications

- Entitlement applications within the pipeline should not be subject to the updated fee
- Staff response:
 - New rates will be effective July 1, 2022
 - Entitlement applications **submitted prior to July 1, 2022** will be **grandfathered at current rates**

Developer Feedback (3/4)

Fee Comparison Selections

- Some of the selected cities used for comparison represent markets with different characteristics from Hayward
- Staff response:
 - Selection of cities was intended to provide a broad cross-section of potential comparisons
 - Cupertino, for example, is included because it has one of the latest traffic impact fee nexus studies in the region
 - Others are selected to provide comparisons with neighboring communities and communities across the East and South Bay

Stakeholder Feedback (3/31)

Background on Decision to Charge Single Family

- When both residential types have marginal feasibility, what is the rationale behind charging for single family residential development?
- Staff response:
 - Single family is experiencing **significant demand** unlike multifamily
 - Seeing **escalation in home prices** unlike the stagnation being seen in rents
 - Recommendation is to set the fee with a **70% reduction from the maximum**

Impacts to LTA

- How does the adoption of the TIF impact the LTA process?
- Staff response:
 - **Fee schedule** for TIF will be available **up front**
 - TIF will **replace the traffic analysis** currently required to address **systemwide improvements** required to serve growth
 - Local project specific improvements not included in the nexus study may still require LTA
 - City staff have prepared materials and information to explain the process

Stakeholder Feedback (3/31)

Relationship to CEQA Vehicle Miles Traveled (VMT)?

- How will the TIF tie into the VMT analysis required under CEQA?
- Staff response:
 - The TIF is **outside of CEQA**
 - If a project necessitates a VMT the TIF will not change that process

Impacts to Businesses

- How could the fee impact businesses?
- Staff response
 - Staff recommendation **waives TIF for retail and office** uses
 - General industrial and e-Commerce are experiencing record demand
 - Recommended fee is set at a **30% reduction** from the maximum

Planning Commission Themes (4/14)

Single Family Rate Reduction

- Is the recommended reduction to the single family rate too large and is there an option to apply a smaller reduction to the fee for large homes?
- Staff Response
 - The single family rate, defined in the Nexus Study, includes all types of single family homes, including townhomes.
 - Very few cities charge the maximum allowable rate.
 - The City's proposed TIF for single family is comparable to those at benchmark cities.
 - Traffic generation is not directly related to the size of a single family home.
 - The process for developing the recommended rates for housing, staff and the consultant examined development feasibility in an effort to avoid disincentivizing housing development and align with recent Senate Bills.
 - The City is also considering the potential of increasing other fees and requirements that may also impact feasibility, for example the Affordable Housing Ordinance.
 - The recommendation includes a performance review of the TIF program in 3-years.

Planning Commission Themes (4/14)

Impact of the TIF on the LTA Process

- Will there still be a need for LTA with the TIF program? What is the benefit for developers?
- Staff Response
 - The TIF will provide certainty to the process through the published fee schedule.
 - Some projects may still require LTA analysis. These are not the majority of projects and the LTA analysis will typically not be required for smaller projects.
 - Projects that are included in the TIF list will not be included in any LTA analysis, if required.

Distribution/e-Commerce Fee Reduction

- What is the reason for not recommending a smaller reduction to the Distribution/e-Commerce rate?
- Staff Response
 - The reduction to the maximum allowable fee is already reasonably small at 30%.
 - The City's proposed TIF for Distribution/e-Commerce is comparable to those at benchmark cities.

Planning Commission Themes (4/14)

Other Points of Discussion

- Exemption for ADUs
- Hypothetical impact of a TIF on the Amazon Distribution Center discussions
- Benefit to developer to opt-in to the TIF program (when vested at current program)
- Types of development applications that will necessitate a TIF or an LTA
- Credits for eligible infrastructure development

LTA Process Integration & Coordination

LTA Process Flowchart

- Outlines the process to determine LTA requirements
- Questions to determine thresholds
 - TIF exemption applicability & TIF table
 - VMT map zone color & CEQA/VMT analysis guidelines
 - Trip generation rate & LTA analysis guidelines
 - Component specific memorandum thresholds

Frequently Asked Questions (FAQs) Document

- Answers key questions on the permit application process
- Links to resources

Next Steps

- City Council consideration of recommendation – May 17

Staff Recommendation

Staff recommends City Council review and provide feedback on the proposed TIF.

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Questions?

PUBLIC HEARING

ITEM #11

PH 22-023

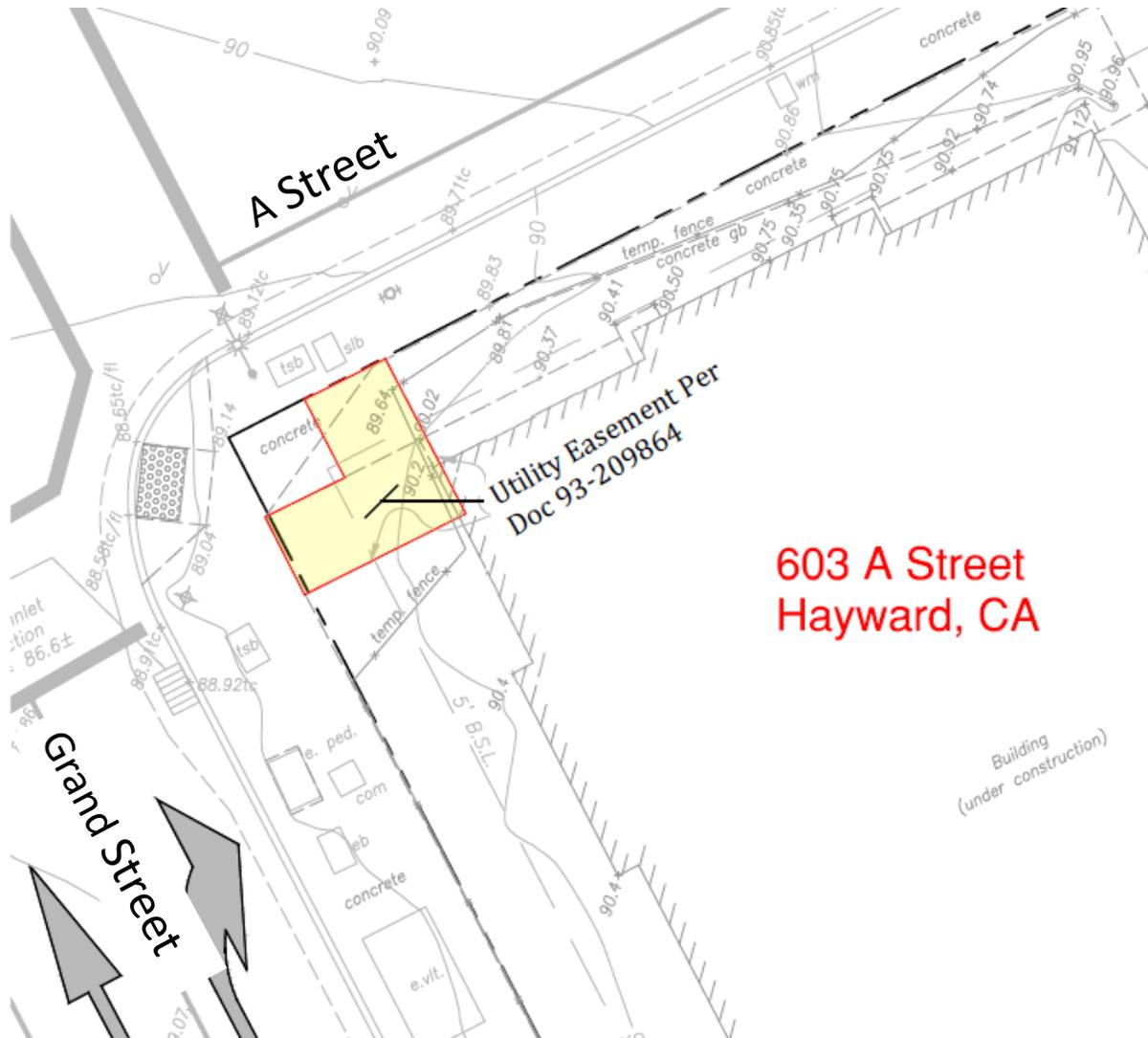
603 A STREET

Public Hearing and Resolution to Vacate Public Utilities Easement at 603 A Street

City Council Public Hearing
May 3, 2022
Scott Wikstrom, Development Services Engineer



Public Utilities Easement at 603 A Street



603 A Street
Hayward, CA

- PUE Acquired in 1993 for a Streetlight Project
- Approx 12' x 12' Area
- City Utilities Subsequently Relocated
- Vacation per Streets and Highways Code

Public Utilities Easement at 603 A Street



A nighttime photograph of a city and a bridge over water. The bridge is illuminated with warm lights, and the city lights are visible in the background. The sky is dark blue.

STAFF RECOMMENDATION

That the City Council:

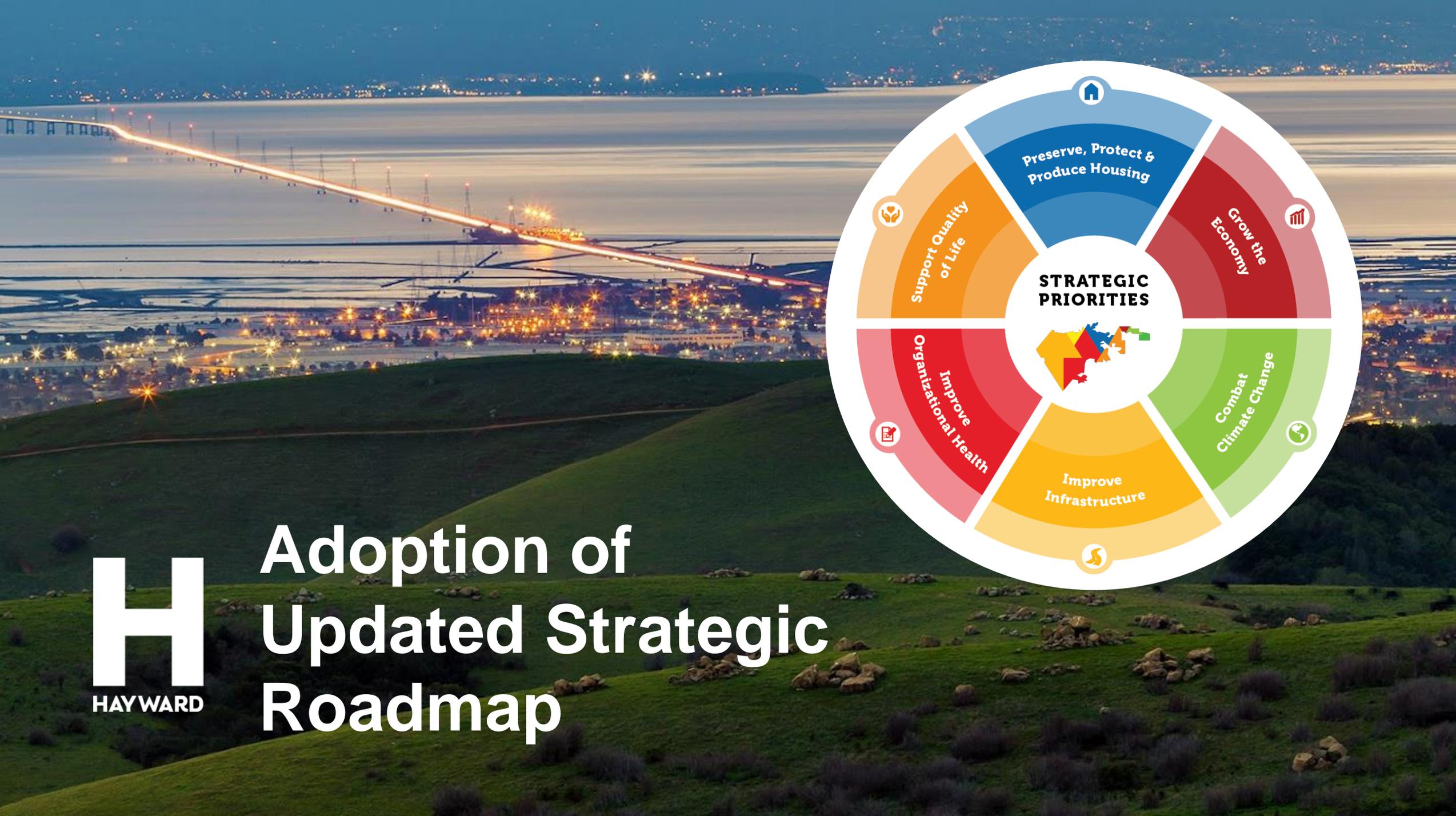
- ✓ Adopt the Resolution to Vacate an existing Public Utilities Easement at 603 A Street

LEGISLATIVE BUSINESS

ITEM #12

LB 22-011

**STRATEGIC ROADMAP
UPDATE**



Adoption of Updated Strategic Roadmap

January Council Retreat Summary

- Overall, Council agreed with the workplan for FY23 and feels positive about the City's progress
- Council agreed with the approach to include a racial equity framework into the plan
- Council added three projects and brought up several additional topics
- Full summary included as Attachment IV

Proposed Updated Priority Titles



Enhance Community Safety & Quality of Life

- Community-based response models
- Emergency preparedness
- Cleanliness and blight reduction
- Library and educational programs
- Celebrate heritage & confront inequities



Preserve, Protect & Produce Housing For All

- House and support people experiencing homelessness
- Incentivize housing production for all
- Protect the affordability of existing housing



Confront Climate Crisis & Champion Environmental Justice

- Reduce greenhouse gases and dependency on fossil fuels
- Promote a circular economy
- Mitigate climate crisis impacts through resilient design



Invest in Infrastructure

- Multi-Modal Transportation
- City-Owned Facilities & Property
- Water Supplies, Sanitation & Sewers
- Community-wide Internet Infrastructure & Access



Grow the Economy

- Invest in the future through businesses support services
- Enhance marketing
- Workforce development pipelines
- Strategically dispose of City property
- Create thriving commercial corridors



Strengthen Organizational Health

- Fiscal sustainability
- Employee engagement and retention
- Communications, transparency, and community engagement
- Safe & collaborative work environment

Updates to Format

Strategic Roadmap FY2021 to FY2023 Project List

Preserve, Protect, and Produce Housing for All

✦ = Racial Equity Focus Project ✦ = Needs Funding ⊙ = Statutory Requirement ✓ = Completed → = Continuous **Bold (X)** = Y3 Work Plan

Projects		Y1	Y2	Y3	Y3+	Lead	Support
Invest in programs to house and support people experiencing homelessness							
H1 Sustain the Navigation Center to House and Support the People Experiencing homelessness							
H1a	Oversee operations of the Navigation Center (i.e. funding administration, contract management, data collection, and performance monitoring) ✦	✓	→	→	→	CS	
H1b	Identify Sustainability funding source for the navigation center	✓	→	→	→	CS	FN
H1c	Oversee operations of the Navigation Center Annex (i.e. funding administration, contract management, data collection, and performance monitoring) ✦			X		CS	
H2 Implement Let's House Hayward: the Homelessness Reduction Strategic Plan							
H2a	Create a Homelessness Reduction Strategic Plan modeled after an empowerment approach and best practices, as well as after Alameda County's EveryOne Home Plan	✓				CS	HS, PL, PD, M
H2b	Pilot Shallow Subsidy Program ✦			X		CS	
H2c	Explore Safe Parking Site ✦			X		CS	
H2d	Leverage partnerships to support the creation of eligible home key projects, including hotel conversations ✦			X		CS	

Council Survey: Top Voted Projects for FY23



Enhance Community Safety & Quality of Life

- Mobile mental health response & District Command behavioral health clinician
- Work across strategic roadmap priorities to include racial equity lens
- Dispatch needs assessment and capacity
- Continue illegal dumping prevention pilot program
- Negotiate updated master lease agreement with HARD
- Engage owners of vacant building properties to encourage activation
- Work with the survivors and descendants of Russell City to determine appropriate restitution

Council Survey: Top Voted Projects for FY23



Preserve, Protect & Produce Housing For All

- Update Housing Element
- Continue work on updating the Affordable Housing Ordinance
- Leverage partnerships to support the creation of eligible home key projects, including hotel conversions
- Explore program to convert tax-defaulted properties to affordable housing
- Explore Safe Parking Site

Council Survey: Top Voted Projects for FY23



Confront Climate Crisis & Champion Environmental Justice

- Explore funding opportunities to increase the circular food economy as part of the Alameda County ALL IN Eats Initiative
- Adopt & implement 2030 Green House Gas Reduction Goal & Roadmap
- Implement Shoreline Master Plan, including mitigating sea level rise in the industrial corridor through building requirements and outreach
- Water conservation measures like increasing recycled water supplies

Council Survey: Top Voted Projects for FY23

Invest in Infrastructure

- Corporation Yard renovation and building safety upgrades
- Implement major corridor traffic calming initiatives, with a focus on Patrick Ave and Campus Drive
- Construct additional EV charging facilities
- Stack Center fundraising and construction
- La Vista Park design and construction

Council Survey: Top Voted Projects for FY23



Grow the Economy

- “Hayward Restore & Reopen Façade Program” – Grants and loans to improve blighted storefronts
- Revise alcohol use regulations to support existing and encourage more full-services restaurants
- Explore an outdoor marketplace that allows for a variety of vendors

Council Survey: Top Voted Projects for FY23



Strengthen Organizational Health

- Develop talent acquisition plan for citywide and critical positions
- Implement new online planning and permitting solution
- Create a language accessibility policy and program for city services

ADDITIONAL TOPICS

STAFF'S RECOMMENDED ACTION

Public Art

An informational report on this item is going to Council tonight

Fiber/Internet Access

A report outlining the current internet needs for Hayward businesses and the approaches that other jurisdictions have taken will go to the Infrastructure Committee in FY23

Smoke Free Ordinance
for Apartments

Staff will provide a memo to Council during FY23 outlining the feasibility and potential costs.

Public lighting

An update on existing public lighting and possible opportunities to improve lighting, will go to the Infrastructure Committee during FY23

Soft Story Ordinance

An update on implementation will go to the Infrastructure Committee during FY23

Next Steps

- Include the Roadmap in the FY23 budget document for the May 14 Council budget retreat
- Planning a more comprehensive update to the Strategic Roadmap next year:
 - Take place over a few meetings
 - Include team building and a review of the vision
 - Aligned with the new Councilmember orientation

Questions & Discussion

- Council Questions
- Public Comments
- Council Comments and Action



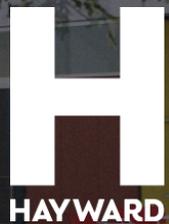
LEGISLATIVE BUSINESS

ITEM #13

LB 22-012

**STACK CENTER
CONSTRUCTION
UPDATE**

STACK YOUTH AND FAMILY CENTER



City Council Update | May 3, 2022



Background

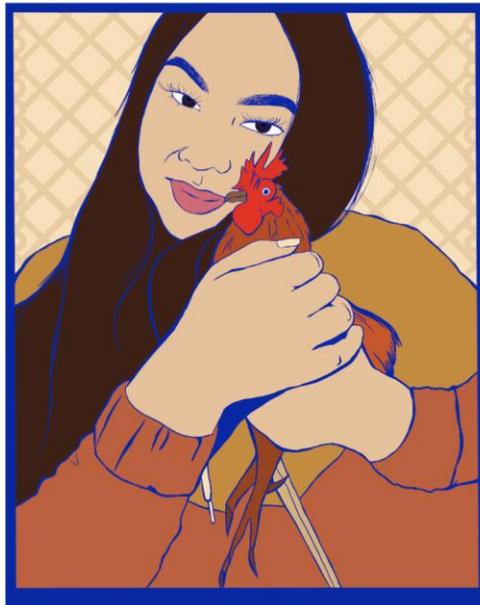
- 2014: County allocated \$9.6 Million
- 2015: Governance Group formed
- 2018: Executed Operator agreement with La Familia & Eden Youth and Family Center
- 2019: Contracted with RossDrulisCusenbery for design



Design Update

- Construction Documents over 95% complete
- Anticipate development permits this spring
- Soliciting proposals for a construction management firm this week





Youth Participatory Design Process

- 19 Participants Fall-Winter 2020
- Priorities:
 - Active public spaces to connect and celebrate
 - Natural spaces that can be sanctuaries
 - A diverse range of recreational opportunities
 - The message of strength, survival, and resiliency of South Hayward families



Budget and Fundraising

- Estimated total cost \$47 Million
- This year, the City received three grants = \$5.15 M, applied for a \$10 M grant from the California State Library (will hear in June)
- The City has hired a fundraising firm, Partnership Resources Group

Budget Item	Estimate	Funding Source	Funding	Gap
<i>Design and Construction Documents</i>	\$ 4,247,800	Alameda County	\$ 4,147,800	\$ -
		City of Hayward CIP	\$ 100,000	
<i>Permits and Construction Management</i>	\$ 1,500,000	Alameda County	\$ 1,500,000	\$ -
<i>MJCC Renovation</i>	\$ 2,000,000	State General Fund Grant	\$ 1,000,000	\$ -
		Federal General Fund Grant	\$ 1,000,000	
<i>South Campus Site Work</i>	\$ 5,294,000	City of Hayward – ARPA Funds	\$ 2,000,000	\$ -
		Federal General Fund Grant	\$ 500,000	
		Clean California Grant	\$ 2,647,000	
		La Vista Developer Contribution	\$ 147,000	
<i>Demolition</i>	\$ 1,200,000	La Vista Developer Contribution	\$ 1,200,000	\$ -
<i>New Building</i>	\$ 26,800,000	Alameda County	\$ 4,852,200	\$ 16,794,800
		Kaiser Grant (through County)	\$ 5,000,000	
		La Vista Developer Contribution	\$ 153,000	
<i>North Campus Site Work</i>	\$ 6,000,000	None Identified	\$ -	\$ 6,000,000
TOTAL	\$ 47,041,800		\$ 24,247,000	\$ 22,794,800

Clean California Grant

- \$2.647 Million (50% match)
- Must be spent by June 2024
- Site work around MJCC and Community Event Plaza
- Three Public Art Elements:
 - Mural: Multi-Cultural Recreational Opportunities
 - Mural: Indigenous Food Heritages from around the World
 - Sculpture: Strength of Diverse Families Supporting One Another





Project Phasing

- Must meet grant deadline of June 2024
- Create momentum for fundraising
- Sufficient funding for south campus work
- Phasing adds costs because there are two bids



Panjon St

Proposed Phase I
Scheduled to bid October 2022

Operators* and Providers

Provider	Status	Plan during Construction
La Familia*	New	Will move in after Phase II construction
Eden Youth and Family Center*	Existing	Staff will work with them to find a temporary location to operate during Phase II construction
Silva Clinic - Tiburcio Vasquez Health Center	Existing	Will remain in place during construction and move once the new building is complete
Kidango	Existing	Will move to MJCC after Phase I construction
Alameda County Office of Education	Existing	Staff will work with them to find a temporary location to operate during Phase I and Phase II construction
Hayward Library Educational Services	Currently providing services – will gain full time space	Will move in after Phase II construction – services like the Bookmobile will continue during construction
HARD	Existing	Will remain in MJCC gymnasium
Hayward Arts Council	New	Will curate rotating gallery and provide programming after Phase II construction



Requesting that Council:

- Accept the Clean California grant of \$2.647 Million
- Authorize the City Manager to execute a contract amendment with RDC for phasing, not to exceed \$377,800

Questions & Discussion

- Council Questions
- Public Comments
- Council Comments and Action

