



SUBJECT

Business-Friendly Hayward Project Update: Work Session to Review the Summary of Best Practices Report, Analysis of Hayward Codes and Practices, Downtown Commercial Analysis, and Outreach Summary for the Business-Friendly Hayward project.

RECOMMENDATION

That the Planning Commission review the staff report and provide feedback on the Business-Friendly Hayward Project based on the Summary of Best Practices Report, Analysis of Hayward Codes and Practices, Downtown Commercial Analysis, and Outreach Summary.

SUMMARY

The Business-Friendly Hayward Project is a joint effort of the City's Planning and Economic Development Divisions, which aims to complete a series of Strategic Roadmap projects and Downtown Specific Plan implementation programs by focusing on the following objectives:

- Streamline entitlement and permitting processes for desirable businesses across the City's commercial and mixed-use zoning districts.
- Activate vacant and underutilized properties and storefronts Downtown.

To date, the project team has reviewed best practices from nearby jurisdictions, analyzed Hayward's codes and practices related to commercial and mixed-use districts, conducted a commercial analysis of the Downtown area, and facilitated a series of outreach efforts aimed at soliciting feedback from businesses, the community, and other stakeholders. At this work session, staff is requesting feedback from the Planning Commission on the following:

1. Are there any recommendations from the Analysis of Hayward Codes and Practices Report that you do not believe are appropriate for Hayward?
 - a. Making beer/wine sales more permissible.
 - b. Allowing small scale live entertainment activities with a simplified permitting process.
 - c. Identifying specified entertainment zones that potentially include open carry alcoholic beverages.
 - d. Allowing Accessory Commercial Units on residential properties in select locations Downtown and along Mission Boulevard.
 - e. Are there other land uses or land use activities that should be allowed?
2. Are there any other business types or land uses the City should consider streamlining the permitting process for?

Based on the feedback received from the Planning Commission and City Council, staff will propose potential revisions to the Municipal Code, which will be drafted and presented to stakeholders for review later this year.

BACKGROUND

Strategic Roadmap. The Hayward Strategic Roadmap¹ is a City Council led initiative that outlines the shared vision for Fiscal Year 2025 and beyond. There are six core priorities required to achieve the Strategic Roadmap's vision and numerous key projects to advance each priority. The *Grow the Economy* priority focuses on investing in business support services, creating thriving commercial corridors, growing workforce development pipelines, and strategically disposing of City property. Two of the projects listed under this priority support the Business-Friendly initiative including:

- *Project EP5:* Provide a report on how midsized cities revitalized downtowns.
- *Project EP6:* Provide a report on ordinances that may have adverse impacts on businesses.²

Downtown Specific Plan. In 2019, the City Council adopted the Downtown Specific Plan (DTSP),³ which provides a strategy to achieve the community's vision of a resilient, safe, attractive, and vibrant historic Downtown. As part of implementation, the DTSP contains the following program, which supports the Business-Friendly initiative including:

- *Program LU 2:* Update zoning regulations to allow temporary uses such as temporary structures on vacant lots, temporary uses in existing structures, pop-up shops, fruit stands, and mobile businesses, especially in vacant or underutilized spaces (including vacant storefronts) to increase small-scale business opportunities and to temporarily fill gaps in the urban fabric.
- *Program LU 4:* Update zoning regulations to modernize land use regulations and allow uses consistent with the vision for Downtown, such as neighborhood and regional serving retail, destination dining, entertainment, and indoor recreation that serve a diverse population including students, families, seniors, creative class professionals, and artists.
- *Program CD 2:* Update use regulations to encourage pedestrian-oriented uses that can help to activate the Downtown, such as sidewalk dining and outdoor seating.
- *Program ED 2:* Modify zoning regulations to allow on-site retailing with small-scale production or processing at the same location.
- *Program ED 3:* Modify zoning regulations to allow collaborative incubator and working spaces for emerging innovative start-ups or smaller companies that benefit from shared and more affordable working space.
- *Program ED 6:* Improve and streamline the entitlement process to attract investment and development and for projects involving the expansion and upgrades of existing Plan Area businesses, including for code-compliance upgrades.

¹ Hayward Strategic Roadmap: <https://www.hayward-ca.gov/your-government/documents/hayward-strategic-roadmap>

² In order to alleviate adverse impacts on restaurants and remove unnecessary restrictions, the City's alcohol regulations were updated in March 2023 to make it easier for full-service restaurants to obtain permission from the City to serve alcohol at their establishments. City Council Public Hearing, March 7, 2023:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6050568&GUID=9C6E57B1-0937-4560-BD41-5D1B007B5745&Options=&Search=>

³ Hayward Downtown Specific Plan: <https://www.hayward-ca.gov/sites/default/files/documents/DSD-Planning-Hayward-Downtown-Specific-Plan.pdf>

Project Overview. The Business-Friendly Hayward Project is a joint effort by the City's Planning and Economic Development Divisions which aims to accomplish Strategic Roadmap Projects E6 and E5, and the Downtown Specific Plan implementation programs listed above by focusing on the following project objectives:

- Streamline entitlement and permitting processes for desirable businesses across the City's commercial and mixed-use zoning districts.
- Activate vacant and underutilized properties and storefronts Downtown.

In partnership with Rincon Consultants and Metrovation Retail Resources, staff reviewed best practices for creating lively and thriving commercial areas, completed an analysis of the City's codes and practices related to commercial and mixed-use districts, and conducted a commercial analysis that identifies community preferences and impediments to business attraction and start up.

In addition, staff is currently leading a series of outreach efforts aimed at getting feedback from businesses, the community, and other stakeholders. These efforts are discussed further in the Analysis and Public Outreach sections below. Based on this research and the feedback gathered, revisions to the Municipal Code will be drafted and presented to stakeholders, the Planning Commission and City Council for their review and consideration later this year.

Permitting Processes. The Hayward Municipal Code designates permit approval procedures aimed at ensuring the orderly development and operation of compatible business activities that are aligned with long-term goals of the *Hayward 2040 General Plan*. The following range of ministerial and discretionary review procedures apply based on the allowable and conditionally allowable uses within each zoning district:

- **Zoning Conformance Permit (ZCP):** Ministerial approval of various uses and activities permitted by-right. The fees associated with Zoning Conformance Permits currently range from \$98 to \$587. Applicants are required to fill out an online application with minimal submittal requirements. Processing is completed within one to four weeks, depending on the type of permit.
- **Administrative Use Permit/Temporary Use Permit (AUP/TUP):** Discretionary review and approval for various uses by the Planning Manager, based on specific findings, with conditions. Decisions by the Planning Director may be appealed to a public hearing of the Planning Commission and additionally to the City Council. The AUP process is also applicable to certain temporary uses for various commercial and mixed-use districts. The initial deposit required for a typical AUP application is \$2,000, though review time is billed on an hourly basis, so the total cost may exceed this deposit. Applicants are required to complete an online application and submit numerous documents including plan sets prepared by licensed professionals and business plans. Processing typically takes three to four months.
- **Conditional Use Permit (CUP):** Discretionary review and approval by the Planning Commission based on specific findings, with conditions. Decisions by the Planning Commission may be appealed to a public hearing of the City Council. The initial deposit required for a CUP application is \$6,000, though review time is billed on an

hourly basis, so the total cost may exceed this deposit. As with an AUP, applicants are required to complete an online application and submit numerous documents including plan sets prepared by licensed professionals and business plans. Processing typically takes five to six months.

ANALYSIS

Summary of Best Practices Report. The Summary of Best Practices Report (Attachment II) provides an overview of ordinance amendments and other initiatives taken by jurisdictions throughout the region to enliven their commercial districts and support business vitality. Some key takeaways that potentially provide good examples for Hayward include:

- *Flexible and Simplified Zoning (Fremont, Mountain View, Union City).* Allow flexibility in land use regulations to allow for a variety of uses and adapt to varying marketing conditions. This should include a balance of “work” and “play” uses, with as many as possible allowable by right. Reduce the number of districts to make zoning easier to understand and enforce.
- *Active Uses (Pleasanton, Redwood City).* Overlay districts can be used to encourage active ground floor uses that attract walk-in customers.
- *Live Entertainment (Sacramento, Morgan Hill).* Live entertainment permits can be used to allow streamlined permitting for small live performances, such as musicians at a cafe or brewery, that operate within specific parameters regarding hours of operation, number of occupants, and/or noise levels.
- *Addressing Vacancies (San Francisco).* Allow small businesses, artists, and cultural organizations to create pop-ups in vacant storefronts Downtown.
- *Sidewalk Cafes and Parklets (Emeryville, Pleasanton, San Jose).* Allow streamlined review of parklets and sidewalk dining. Establish a pre-approved list of standardized parklet designs that offer opportunities for expedited permit review.

Analysis of Hayward Codes and Practices. The Analysis of Hayward Codes and Practices (Attachment III) provides a deep dive into the portions of the City’s Municipal Code that govern commercial and mixed-use districts. The Report identifies land use regulations, permitting processes, development standards, and organizational issues that serve as obstacles to desirable businesses and activities, and offers recommendations for business-friendly code amendments. Key recommendations include:

- *Permit Approval Processes.* Establish simplified permitting processes for temporary uses, built in outdoor dining spaces, and small-scale live entertainment/cabaret⁴ events to enhance activity in commercial areas.
- *Allowable Uses.* Amend the allowable uses to reduce the permitting requirements for establishments serving and selling beer and wine, custom manufacturing uses, small health clubs, pet services, and small-scale educational facilities to align with community preferences and market demand. Consider designating certain neighborhoods, corridors or sub-districts as “entertainment zones” that have relaxed

⁴ Per Section 10-1.3500 of the Hayward Municipal Code, a cabaret is defined as “any establishment, event or place where live entertainment is provided by or for any patron or guest, including but not limited to singing, playing music, dancing, performing karaoke, acting, conduction a fashion show, performing pantomime, performing comedy or other act or performance, either as the main purpose for such gathering or as an ancillary activity to some other purpose.”

requirements for alcohol uses. Establish regulations that allow Accessory Commercial Units⁵ in select Mission Boulevard and Downtown districts.

- *Organization.* To mirror the organization of the Downtown, Mission Boulevard, Industrial, and Residential codes, consolidate the base commercial districts into a single section of the Zoning Ordinance with combined tables for allowable uses and development standards.
- *Definitions.* Modify the definitions for personal services, office, retail, cabaret, and small-scale educational services to stay current with market trends and accommodate emerging and innovative uses.
- *Zoning District Consolidation.* Given their minimal presence and isolated locations, incorporate properties zoned as Residential Office (RO), Limited Access Commercial (CL), and Regional Commercial (CR) into other commercial districts that allow similar uses and development patterns. See the Analysis of Hayward Codes and Practices Report (Attachment III) for maps of each of the affected properties.

Downtown Commercial Analysis. The Downtown Commercial Analysis (Appendix A of Attachment III) presents a breakdown of Downtown Hayward's commercial conditions and market dynamics. The analysis identifies specific barriers to business attraction and retention, and evaluates physical conditions, tenant mixes, market strengths, and opportunities for improvement in the Downtown core, particularly around B Street, Foothill Boulevard, and the Cinema Place area. Key findings include:

- *Visual Identity and Physical Conditions.* Downtown does not currently convey the image of a thriving commercial district. Many storefronts remain vacant or boarded up, with fencing, and neglected private properties contribute to a perception of disinvestment.
- *Traffic Circulation and Parking.* One-way streets, limited directional signage, and high traffic speeds make navigating and parking Downtown difficult. These circulation issues deter visitors and limit access to businesses, especially along Foothill Boulevard.⁶
- *Limited Destination Anchors.* Downtown lacks businesses that serve a younger demographic that can reliably draw outside visitors or sustain evening and weekend activity. The area would benefit from a more balanced mix of local-serving retail and entertainment venues or experiential businesses.⁷
- *Opportunities for Activation.* Vacant storefronts, underutilized lots, and long blocks lacking active edges create opportunities for temporary uses, pop-up businesses, and placemaking interventions to build momentum and test future uses.
- *Downtown Demographics.* The primary demographic groups that live within a mile radius of Downtown include "Significant Singles" (diversely aged singles with active lifestyles), "Flourishing Families" (middle-aged households living comfortable and active lifestyles), and "Family Union" (middle aged households with blue-collar occupations). These groups tend to patronize dining, nightlife, health, entertainment, personal service, and retail uses.

⁵ An Accessory Commercial Unit (ACU) is similar to an Accessory Dwelling Unit (ADU), except that they serve as small commercial storefronts at people's homes, often in a garage conversion.

⁶ The Transportation Division is currently leading Safe Streets Hayward, a project aimed at improving safety in the Downtown Loop, A Street, B Street, and Tennyson Road.
<https://safestreetshayward.org/#/home>

⁷ Experiential businesses may include recreational uses, such as axe throwing and trampoline parks, as well as marketplace environments like the Hive in Oakland (<https://hiveoakland.com>) or the Anaheim Packing District in Southern California (<https://www.anaheimpackingdistrict.com/>).

- *Supply/Demand.* Downtown has a demand for several kinds of new businesses, including restaurants, ethnic food stores, personal care services, and retailers. However, there is an oversupply of auto dealers and furniture stores in the area.

PUBLIC OUTREACH

Council Economic Development Committee. On February 3, 2025,⁸ staff met with the Council Economic Development Committee (CEDC) to kick off the Business-Friendly Hayward Project. The CEDC provided feedback and direction on what items and areas they wanted staff to focus on. These areas included:

- Expanding “Personal Services”⁹ as a use that is permitted by right throughout commercially zoned areas.
- Encouraging community amenities, entertainment uses, and meeting spaces.
- Allowing a more streamlined permitting process for pop-up events and temporary uses.

Public Survey. On July 10, 2025, staff published a survey¹⁰ aimed at both community members and business owners. This survey has been promoted via the project website, the City’s e-newsletter, social media platforms, the Permit Center, canvassing in commercial areas, and through community-based organizations. At the survey’s close we had 290 responses with 51 respondents being business owners and 239 being community members.

The survey focused on identifying types of businesses that community members want to see added in Hayward and the biggest barriers that business owners face to opening or operating businesses in Hayward. Results from the survey are included as part of the Outreach Summary included as Attachment IV.

Business owners indicated that licensing (official permission from the City to legally run a business) and compliance with health and safety requirements are the two areas that have the greatest impact on their business operations with those items combined making up 51% of the feedback on this question. Written responses indicate that perceptions of safety and restrictions on seemingly low impact uses, such as outdoor dining, live music, and beer and wine service, are among the most common perceived barriers to opening and improving business in Downtown Hayward.

Community members have rated their satisfaction with the current variety of businesses in the City of Hayward at an average of 2.61 stars out of five and 72% of respondents stated they would spend more time and money in Downtown Hayward if there were more local businesses, events, or nightlife. Hayward residents called out the commercial areas in Castro Valley, Pleasanton, and Dublin as areas that they enjoyed visiting, citing a feeling a safety, walkability, and lack of vacancies as the primary draw.

⁸ Council Economic Development Committee Meeting, February 3, 2025; <https://hayward.legistar.com/MeetingDetail.aspx?ID=1256113&GUID=1EDF00CE-A18E-4F19-935E-D492D87BF4BC&Options=info&Search=D492D87BF4BC&Options=info&Search=>

⁹ Personal services typically include uses such as barber shops and beauty salons; nail salons, dry cleaners; locksmiths; shoe repair shops; and tailors.

¹⁰ Survey Results: Community Members:

<https://app.powerbigov.us/view?r=eylrjoiNmJlNDM5M2MtNjI4Ny00NTk0LWFmN2EtMzk5ZTM0N2VhNTdjIiwidCI6ImNjZWFiNjc0LTU0N2UtNDA1NC1hZmEzLTAzMTU5YTkwZTFmMyJ9>
Business Community:
<https://app.powerbigov.us/view?r=eylrjoiN2ZlODg4NDUtNmFIMy00NzAxLTK2ZDgtMzI1ZmMzNWlWNGFjiIiwidCI6ImNjZWFiNjc0LTU0N2UtNDA1NC1hZmEzLTAzMTU5YTkwZTFmMyJ9>

Respondents were asked if they would be open to further communication from City staff about their responses. Those who were open to more outreach participation were sent a second, more detailed survey on July 28, 2025. In this survey respondents have been given the opportunity to indicate interest in participating in focus groups. When the survey closes, staff will reach out to these individuals to schedule a few times to meet. Detailed community feedback will be used to refine staff's recommendations and presented to decisionmakers at future meetings on this topic.

Pop-Up Events. Staff attended the Summer Street Parties on June 12, 2025, July 17, 2025, and August 21, 2025. At these events, staff asked residents and visitors what their favorite place in Hayward is and what types of businesses they wish Hayward had more of in Hayward. Community members indicated that outdoor spaces such as the Hayward Shoreline and the Japanese Tea Garden were among their favorites. Additionally, the most requested new businesses in Hayward included recreational uses such as skating rinks, axe throwing, and recreation catered towards children.

Downtown Hayward Improvement Association. On July 10, 2025, staff met with the Downtown Hayward Improvement Association (DHIA) to share details about the project and receive feedback from the business community. Members of the DHIA shared concerns about things they feel are a threat to the success of businesses Downtown, such as sidewalk vendors and vacant, City owned properties and pointed staff in the direction of successful community activators in other jurisdictions such as the San Diego Parklet Program.

The DHIA expressed a strong desire to be more involved with the Business-Friendly Hayward Project. The Hayward Chamber of Commerce president and CEO were both at the DHIA meeting and they have agreed to meet with Staff in the coming weeks to discuss their project involvement and assist with further outreach to different business groups.

Other Outreach. Staff has created a project website where all project documents and information about upcoming meetings are posted.¹¹ On Monday, July 14 an article in the STACK Extra¹² was published and distributed to a list of over 50,000 subscribers promoting the project and the online survey described above. In addition, the project team has met with the Hayward Chamber of Commerce President and Chair of the Board of Directors to discuss the project and the potential of collaborating on an upcoming series of stakeholder meetings. A summary of the outreach activities is included as Attachment IV.

DISCUSSION

At this work session, staff is requesting specific feedback from the Planning Commission on the following questions:

1. Are there any recommendations from the Analysis of Hayward Codes and Practices Report that you do not believe are appropriate for Hayward?
 - a. Making beer/wine sales more permissible.

¹¹ Business Friendly Hayward project website: <https://hayward-ca.gov/your-government/departments/planning-division/business-friendly-hayward-project>

¹² Stack Extra, July 14, 2025: <https://hayward-ca.activehosted.com/social/bdb106a0560c4e46ccc488ef010af787.860>

- b. Allowing small scale live entertainment activities with a simplified permitting process.
 - c. Identifying specified entertainment zones that potentially include open carry alcoholic beverages.
 - d. Allowing Accessory Commercial Units on residential properties in select locations Downtown and along Mission Boulevard.
 - e. Are there other land uses or land use activities that should be allowed?
2. Are there any other business types or land uses the City should consider streamlining the permitting process for?


NEXT STEPS

On September 23, the project team will hold a work session with the City Council to collect additional feedback on the research, analysis, outreach, and recommendations. Following feedback from these work sessions, staff will formalize the recommended Municipal Code and process updates and prepare the required environmental review for Planning Commission and City Council consideration, currently anticipated for late 2025 or early 2026.

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