CITY OF
HAYWARD
HEART OF THE BAY

DATE: May 26, 2022

TO: Council Economic Development Committee

FROM: Assistant City Manager/Development Services Director

SUBJECT: Preliminary Concept Review: B & Main Mixed-Use Development at 966 B Street

RECOMMENDATION

That the Council Economic Development Committee (CEDC) reviews the report and provides feedback on the project proposal to the developers at the May 26, 2022 CEDC meeting.

SUMMARY

The project developers, business partners Dave Waite, Mike Nelson and Chris Music, are proposing to redevelop the property at the northwest corner of the intersection of B Street and Main Street in downtown Hayward with a new six-story mixed-use development. The project would feature 1,200 square feet of commercial space, a residential lobby and a parking garage with subterranean automated stacked parking on the ground floor, and five floors of residential apartments above. The building would contain 30 apartments, with 10 one-bedroom units and 20 two-bedroom units. The current zoning and General Plan land use designations for the property allow for the development of up to 20 units. The developers are proposing to provide 15% of those 20 units (or 3 total units) as affordable to very low-income households. Therefore, the project is entitled to a 50% density bonus under State Density Bonus Law, which would allow for up to 10 additional units, or 30 total units (3 affordable units for very low-income households and 27 market-rate units).

BACKGROUND

The subject property measures 0.176 acres (7,668 square feet) and was previously occupied by a commercial building that was destroyed by a fire in January 2020. The building was originally constructed in the early 20th century and was occupied by various commercial tenants over the years. Before it was destroyed by the fire, the building was mostly vacant except for a nail salon, and was slated to house a new 2,363-square-foot cocktail bar (the 990 Bar and Lounge), which had been approved by the Council. The City issued a demolition permit to remove the remaining portions of the structure that were damaged by the fire in late January 2020, and the site has remained vacant and fenced off since that demolition work occurred. The property is located approximately one quarter of a mile from the Hayward BART Station.

DISCUSSION

Proposal

The developers are proposing to redevelop the site with a six-story mixed-use development that would contain commercial space, a parking garage, a lobby and ancillary spaces for the residential units on the ground floor, and 30 residential apartments on the upper five floors of the building. The commercial space would contain approximately 1,200 square feet and feature entrances along both Main Street and B Street, while the residential lobby would be situated along Main Street. The remainder of the ground floor would consist of a residential leasing office, mail room, trash and bicycle storage rooms, mechanical rooms, and a parking garage containing 29 vehicular spaces that would be located underground and controlled by an automated parking stacker system. The entrance to the parking garage is proposed to be located off the existing public alley separating the site from the adjacent property to the west at 954 B Street.

Floors two through five would each contain two one-bedroom units and four two-bedroom units, while the sixth floor would also contain two one-bedroom units and four two-bedroom units, but with smaller floorplans than those on the lower floors. The remaining floor area on the sixth floor would consist of balconies located along and overlooking B Street. A large rooftop deck would be provided as outdoor private open space for the building's residents and additional space would be reserved for a rooftop solar photovoltaic system installation.

Required Entitlements/Process

Use and Density. The proposed use of the site would be consistent with the Zoning District and General Plan. The subject property is located within the Downtown Specific Plan area, and is currently zoned Downtown Main Street (DT-MS) with a General Plan land use designation of Central City – Retail and Office Commercial. The Central City – Retail and Office Commercial land use designation allows for a residential density range of 40 to 110 units per acre. Both the DT-MS District and the Central City – Retail and Office Commercial land use designation allow for mixed-use development containing ground-floor commercial uses with residential uses on upper floors.

The project site measures 0.176 acres in size. As such, when applying the maximum allowable density of 110 units per acre, the maximum number of units that could be permitted on the site is 19.36. When calculating for a density bonus, State law requires that all fractions be rounded up to the next whole number. As such, under the current zoning and General Plan land use designations, the developers can propose up to 20 units on the site. By proposing to provide 15% of these units, or 3 total units, as affordable to very low-income households, the developers are entitled to a 50% density bonus under Density Bonus Law. A 50% density bonus above the base number of allowable units (20 units) equates to 30 total units. This total includes the three affordable units, as well as 27 units that may be offered at market-rate.

Pursuant to Hayward Municipal Code (HMC) Section 10-19.130, all applications for density bonuses require approval by the Planning Commission. Furthermore, pursuant to HMC

Section 10-28.5.3.030, Major Site Plan Review is required for all projects creating more than 5,000 square feet of impervious surface area. The proposed plans feature 7,668 square feet of impervious surface, with the building footprint covering the entire lot. As such, Major Site Plan Review is also required and would be conducted by the Planning Commission concurrently with the review of the Density Bonus application.

Development Standards. For density bonus projects that offer 15% of units affordable to very low-income households, the City is required to grant up to three incentives/concessions that result in identifiable and actual cost reductions for the project. Furthermore, the City must also grant any waivers, or reductions in any development standards, that would physically prevent the project from being built at the allowable density of 30 units[1].

At this time, the developers have not prepared complete plans for the project, so it is not possible to determine if the project complies with all the applicable development standards of the DT-MS District. For now, the only waiver they are anticipating requesting is an increase in the maximum allowable lot coverage from 95% to 100% in order to develop the entire site with the proposed building. This would be an example of a waiver of a development standard that the City would be required to grant under State Density Bonus law, since the developers could argue that a 95% lot coverage limit could physically prevent them from being able to build the 30 units that they are permitted through the Density Bonus. Currently, the developers intend to comply with all other applicable development standards of the DT-MS District without requiring any additional waivers.

With regard to parking, under Density Bonus Law, for projects that offer 15% of the units affordable to very low-income households and that are located within one-half mile of a major transit stop such as a BART station, the City can require up to 0.5 parking spaces per unit. For the proposed project, this would equate to 15 parking spaces. Currently, the developers are proposing to provide 29 spaces within an underground parking garage that would be accessed by an automated stacking system. As such, the project would exceed the minimum 0.5 space per unit parking requirement by providing nearly one parking space per unit. However, the developers could request a reduction in the parking requirement by utilizing one of the three incentives/concessions they are entitled to on the grounds that they could realize real and identifiable cost reductions to the project by providing less or no parking. In such a scenario, the City would not be able to deny this type of request.

Affordable Housing. The proposed project would be subject to the City's Affordable Housing Ordinance (AHO), and details of how the project would comply would be reviewed and evaluated through a formal process conducted by the City's Housing Division if and when the developers decide to proceed with a formal development application.

The developers are considering providing 15% of the units (or three total units) as affordable to very low-income households. This would exceed the minimum requirements of the AHO, which requires that six percent of units in new residential rental projects be affordable, with

[1] Note that the City is not required to waive or reduce any development standards that would cause a public health or safety problem, cause an environmental problem, harm a historical property, or be contrary to law.

three percent affordable to low-income households and three percent affordable to very low-income households.

<u>Questions for CEDC Members</u>

Staff and the project developers are interested in obtaining feedback from the CEDC regarding the proposal and offer the following questions for discussion:

1. Does the CEDC have any initial reactions to the mixed-use development concept at this location?

2. Is there a specific type of retail/commercial use that the CEDC would like to see as potentially occupying the proposed commercial space?

3. Are there any other features that the CEDC would like the developers to consider incorporating into the project?

NEXT STEPS

Following feedback from the CEDC, the developers will decide if they want to continue moving forward with a formal development application.. If they do, at a minimum, the proposal will require submittal of an application for Major Site Plan Review and a Density Bonus which will require review and approval by the Planning Commission.

Prepared by: Sara Buizer, Deputy Development Services Director

Recommended by: Jennifer Ott, Assistant City Manager/Development Services Director
Paul Nguyen, Economic Development Manager

Approved by:

Kelly McAdoo, City Manager