



**DATE:** September 23, 2025

**TO:** Mayor and City Council

**FROM:** Development Services Director

**SUBJECT:** Business-Friendly Hayward Project Update: Review of Summary of Best Practices Report, Analysis of Hayward Codes and Practices, Downtown Commercial Analysis, and Outreach Summary

## **RECOMMENDATION**

That the Council provide feedback and direction 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 Planning and Economic Development Divisions which aims to accomplish 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 getting feedback from businesses, the community, and other stakeholders.

The discussion section in this report includes a summary of the recommendations from the Analysis of Hayward Codes and Practices Report with (starting on page four). Staff plans on moving forward with these recommendations later this year, unless the City Council provides feedback otherwise at this work session. Staff is looking for specific feedback from Council on allowable uses:

1. Looking at the Analysis of Hayward Codes and Practices Report, does Council have feedback on allowing the following uses:
  - 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. Anything else?
2. Are there any other types of businesses we should consider streamlining the permitting process for?

## BACKGROUND

Downtown Specific Plan. In 2019, the City Council adopted the Downtown Specific Plan,<sup>1</sup> which provides a strategy to achieve the community's vision of a resilient, safe, attractive, and vibrant historic Downtown. It has a series of implementation programs, 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.

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<sup>1</sup> Hayward Downtown Specific Plan: <https://www.hayward-ca.gov/sites/default/files/documents/DSD-Planning-Hayward-Downtown-Specific-Plan.pdf>

- *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.

*Project Overview.* The Business-Friendly Hayward Project is a joint effort of the Planning and Economic Development Divisions which aims to accomplish the Downtown Specific Plan implementation programs listed above and Strategic Roadmap Projects E6 and E5 described below, and 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 for review 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 General Plan goals. 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 a simple 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. 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 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 models 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 for streamlined approval 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. It 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 from this report include:

- *Permit Approval Processes.* Establish simplified permitting processes for temporary uses, built in outdoor dining spaces, and small-scale live entertainment/cabaret<sup>2</sup> 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 requirements for alcohol uses. Provide regulations to allow for Accessory Commercial Units<sup>3</sup> 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.

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<sup>2</sup> 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.”

<sup>3</sup> 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.

- *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.<sup>4</sup>
- *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.<sup>5</sup>
- *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.
- *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 Meeting, February 3, 2025*

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

- Expanding “Personal Services”<sup>6</sup> as a use that is permitted by right throughout commercially zoned areas.
- Encouraging community amenities, entertainment uses, and meeting spaces.

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<sup>4</sup> 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://safestreetsbayward.org/#/home>

<sup>5</sup> 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/>).

<sup>6</sup> Personal services typically include uses such as barber shops and beauty salons; nail salons, dry cleaners; locksmiths; shoe repair shops; and tailors.

- Allowing a more streamlined permitting process for pop-up events and temporary uses.

### Survey Results

On July 10, 2025, staff published a survey 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 of respondents being business owners and 239 being community members.

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

Business owners indicated that licensing (official permission from the City to legally run their 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 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 of safety, walkability, and lack of vacancies as the primary draw.

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 were given the opportunity to indicate interest in participating in focus groups. Staff plans to 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. 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 Meeting

On July 10, 2025, staff met with the Downtown Hayward Improvement Association (DHIA) to share details about the project and receive feedback from the Hayward 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 Staff has reached out to discuss their project involvement and assist with further outreach to different business groups to get more in depth feedback.

### Planning Commission Work Session

On August 28, 2025, staff presented the Business-Friendly Hayward initiative to the Planning Commission to provide an overview of the project and receive preliminary input prior to advancing to the next phase of Municipal Code updates. The Commission expressed overall support and enthusiasm for the initiative. With the assurance that staff had consulted with the Hayward Police Department regarding potential impacts to enforcement, the Commission endorsed the proposed revisions related to Live Entertainment Permits and streamlined permitting requirements for beer and wine service. Commissioners also expressed interest in exploring the potential for entertainment districts in the Downtown area.

The Commission did, however, raise concerns regarding Accessory Commercial Units (ACUs) and parklets. Commissioners felt that introducing ACUs at this time could compound existing challenges related to sidewalk vending. They also voiced hesitation about converting downtown parking spaces into parklets, expressing doubt about their suitability and effectiveness within the Hayward context.

While supportive of the majority of concepts presented, the Commission emphasized the importance of tailoring strategies to align with Hayward's unique identity. Commissioners cautioned against adopting programs solely based on practices observed in other jurisdictions and underscored their desire for staff to prioritize initiatives that enhance and preserve the character that makes Hayward distinctive.

## **DISCUSSION**

Staff plans on moving forward with the recommendations listed in the Analysis of Hayward Codes and Practices section on page four, unless the City Council provides feedback otherwise at this work session. Staff is looking for specific feedback from Council on allowable uses:

1. Looking at the Analysis of Hayward Codes and Practices Report, does Council have feedback on allowing the following uses:
  - f. Making beer/wine sales more permissible.

- g. Allowing small scale live entertainment activities with a simplified permitting process.
  - h. Identifying specified entertainment zones that potentially include open carry alcoholic beverages.
  - i. Allowing Accessory Commercial Units on residential properties in select locations Downtown and along Mission Boulevard.
  - j. Anything else?
2. Are there any other types of businesses we should consider streamlining the permitting process for?

## **STRATEGIC ROADMAP**

The Hayward Strategic Roadmap<sup>7</sup> is a 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. This effort supports two of the projects listed under this priority:

- *Project EP5:* Provide a report on how midsize cities revitalized downtowns.
- *Project EP6:* Provide a report on ordinances that may have adverse impacts on businesses.<sup>8</sup>

## **ECONOMIC IMPACT**

Streamlining the permitting process for commercial development may result in more businesses opening in Hayward and operating successfully for longer periods of time. This in turn can lead to increased tax revenue for the City, the creation of local jobs, and further investment in our commercial centers.

## **FISCAL IMPACT**

Consultant Rincon's approved contract and associated budget, is \$99,877 and has been paid for out of the Planning Division's consultant budget for FY 2025. To reduce consultant costs for this project, staff entirely led the extensive outreach efforts and will be taking the lead in drafting revisions to the Municipal Code.

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<sup>7</sup> Hayward Strategic Roadmap: <https://www.hayward-ca.gov/your-government/documents/hayward-strategic-roadmap>

<sup>8</sup> 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=>

## NEXT STEPS

Based on the direction received at tonight's work session, updates to the City's Municipal Code will be drafted and brought before the Planning Commission and Council for review and approval in late 2025 or early 2026.

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*Recommended by:* Sara Buizer, AICP, Development Services Director

Approved by:



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Jayanti Addleman, Interim City Manager