



COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES - June 3, 2019

CALL TO ORDER: Mayor Halliday called the Regular meeting to order at 4:03 p.m.

ATTENDANCE (September 2018-July 2019):

Committee Member	Present 6/3/19	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Mayor Halliday (Chair)	✓	8	0	7	0
Council Member Mendall	✓	8	0	7	0
Council Member Salinas	✓	5	0	5	0

* Council Member Salinas appointed as of Feb 2019

OTHERS IN ATTENDANCE:

Kelly McAdoo, City Manager; Jennifer Ott, Deputy City Manager; Laura Simpson, Director of Development Services; Paul Nguyen, Economic Development Manager; John Stefanski, Management Analyst II; Gary Nordahl, City Building Official; Phillip Nichols, Senior Code Enforcement Inspector; Catherine Ralston, Economic Development Specialist; Suzanne Philis, Senior Secretary; Kim Huggett, Chamber of Commerce; Alfredo Rodriguez Jr., Vintage Alley; Julio Romero, Brews & Brats

PUBLIC COMMENTS

Hayward Chamber of Commerce President and CEO Kim Huggett announced upcoming events including the Downtown Summer Street Parties now in their 20th year; the State of City luncheon at the Main Library on June 27th; and the Leadership Hayward Graduation on June 19th. Mr. Huggett also gave highlights from the grand opening of RefleXion on May 22nd.

Hayward Business Association President, owner of Vintage Alley downtown, and organizer of the 1st Annual Latin Jazz Festival, Alfredo Rodriguez Jr., thanked the City for its sponsorship and noted that even after moving the event from May 18th to June 1st due to rain, the event was a total success with six bands, seven Grammy-award winning musicians, plenty of fun for everyone and no calls for service from Police. He said the event, which was free to the public, was successful in making downtown a destination. He estimated 60-70% of attendees came from outside of Hayward.

Julio Romero, owner of Brews & Brats, and co-organizer of the event, estimated attendance at over 10,000 and reiterated the lack of problems even though the event allowed open alcohol with a wristband. He said downtown merchants also reported record sales that day.

1. APPROVAL OF MINUTES OF REGULAR MEETING MAY 6, 2019

A motion to approve minutes was made by Council Member Mendall with a second by Council Member Salinas. Minutes from the May 6, 2019 Regular Meeting were approved.

2. PROPOSED VACANT AND ABANDONED BUILDINGS ORDINANCE

Director of Development Services Laura Simpson introduced the item noting the ordinance had been drafted over the course of a year with input from City departments. Although still an early draft, she said staff was ready for initial feedback from Council. She introduced Acting Code Enforcement Manager Phil Nichols who gave the presentation and outlined the next steps.

Members were asked to respond to the following questions:

1. Would you like to see additional or more specific items pertaining to maintenance standards?
2. Do you have feedback on registration requirements?
3. Is there a fee structure you would prefer for registration or penalties?
4. Is there an area of the draft ordinance which requires additional clarity?
5. Are there other concerns, not mentioned, related to vacant buildings you feel staff should address in the ordinance?

Council Member Salinas said concern about vacant buildings was the main issue he hears from constituents. He said he liked that minimum maintenance standards for residential and non-residential (commercial) were addressed separately.

Feedback from Council Member Salinas:

- Although he wants maintenance standards to remain high throughout the City, he wanted staff to focus on gateways and corridors like Tennyson, Jackson, A Street, and Mission Blvd., and downtown.
- Regarding registration, he suggested scaling the fees so the longer a building was empty the more the property owner should pay, particularly at gateways, corridors and the downtown.
- He suggested the same scaled approach for penalties.
- Be very clear on the difference between residential and commercial maintenance standards and develop a rational fee schedule for each type.
- Suggested economic development incentives for property owners who find preferred tenants.

Council Member Mendall asked if there was anything in the proposed ordinance, or had staff seen in other city's ordinance, any requirement about the demolition of long vacant buildings. Code Enforcement Manager Nichols said not that he'd seen except when a building was structurally unsound. Council Member Mendall acknowledged that asking a property owner to destroy their property would not be a decision taken lightly but said there should be something in the ordinance that could allow the City to require structurally unsound buildings to be demolished.

Mayor Halliday opened the floor to public comments.

Anthony Fidel said although he liked the idea some families may not appreciate City intervention and may not be able to afford the cost of demolition, and he suggested offering incentives instead.

Alfredo Rodriguez commented that the police department, which was already short-staffed, spent too much time responding to situations at abandoned commercial buildings. He suggested a City policy that required demolition as part of the contract when a building changed ownership.

Regarding vacant residential properties, Mary Ann Higgs said she really liked the vandalism resistant polycarbonate panels mentioned in the staff report. She said too much staff time, from police to code enforcement, was being spent on abandoned residential properties.

Mayor Halliday asked staff for more information about the proposed polycarbonate panels. Code Enforcement Manager Nichols explained that the panels were larger and thicker than regular plexiglass, see through, and extremely strong. He said they were usually used for windows but could cover any point of entry. The panels included framing system that would be bolted into place by a contractor, he said.

Council Member Mendall noted that Council had learned to put a deadline as part the conditions for approval for any new development that included building demolition. He emphasized that he wasn't interested in buildings left vacant for six months. He said he wanted to make it increasingly painful for property owners to leave a building vacant for five, ten, or 20 years. He noted that staff didn't have to spend time looking for these properties because staff and Council were already hearing from residents about the problem sites.

Council Member Mendall said the other complaint he was hearing from developers was how long it took the City to process a demolition permit. He asked staff to look at the process and see if it could be made faster and easier.

Director of Development Services Simpson said in the past, the hang up had been the months delay waiting for PG&E to turn off the gas and electricity. City Building Official Nordahl said even when Haymont was destroyed by fire it took PG&E six weeks to come out and that was with expedited service. He said staff was looking at other jurisdiction's policy that allows for a partial demolition to work around waiting for PG&E. Council Member Mendall liked the idea, but still asked staff to review the City's permitting process.

Council Member Mendall said he also didn't see anything in the proposed ordinance that required an attractive storefront while a property was in between tenants, especially on pedestrian corridors or downtown.

Feedback from Council Member Mendall:

- Annual fees, not quarterly
- He agreed with Council Member Salinas about focusing efforts on main traffic corridors
- He emphasized that the longer a building was vacant the higher the fees.

Code Enforcement Manager Nichols said other cities used an escalating J curve for fees. Mayor Halliday asked staff to explain J curve. Code Enforcement Manager Nichols said it was a more of a diagonal line. Mayor Halliday agreed with the concept and stated the purpose of the ordinance was to

eliminate blight but also to get the buildings reused by either providing housing or commercial space.

Feedback from Mayor Halliday:

- She agreed that staff could target problem properties based on complaints from residents
- She agreed that penalties should increase the longer the property remained vacant
- She suggested a fee structure that considered the property owner's ability to pay upfront versus having fees added to property taxes. Council Member Mendall said he disagreed; if an owner couldn't afford to improve a property, but could afford to leave it vacant, they should sell it.

Mayor Halliday asked staff if the fees collected via the new ordinance would be enough to support the additional staff person needed to administer the program. Director of Development Services Simpson said yes, the fees would be enough to support one new person but noted the process could start with an audit of which properties had received the most complaints to-date. Mayor Halliday said the information could be used for Economic Development staff to start a dialog regarding development of commercial buildings and what could be done to make them more attractive in the meantime.

Mayor Halliday said more clarity was needed earlier in the language of the ordinance on how a property would get on the list and having start having fees assessed. She also wanted language that recognized good faith efforts by property owners who try to maintain the building while vacant.

Council Member Mendall suggested staff track how much a property was vacant rather than how long. He said he could imagine a property owner allowing a use for three months just to reset the clock.

Council Member Salinas suggested the City have a supply of the polycarbonate panels so installation could happen faster. Code Enforcement Manager Nichols said that had come up in conversations with Fire, too.

Council Member Salinas said he never received complaints about industrial buildings, but he wanted them recognized in the ordinance. Director of Development Services Simpson asked if he meant a lower fee structure and he said no, just as a distinct area with less need.

Alfredo Rodriguez commented that industrial buildings have few access points and more secure doors and windows.

3. ROUTE 238 CORRIDOR LANDS—PARCEL GROUP 5: BUNKER HILL; REVIEW OF DRAFT MASTER DEVELOPMENT PLAN AND DRAFT REQUEST FOR PROPOSALS

Deputy City Manager Ott thanked neighboring residents for participating in the review and planning process for Parcel Group 5 and Management Analyst II Stefanski for his work on the plan and RFP (request for proposals).

Analyst Stefanski then gave the presentation noting the City entered into a purchase and sale agreement with CalTrans in 2016 and under the agreement had until January 2022 to dispose of all parcel groups. He explained that parcel groups 1 and 10 had been sold to William Lyon Homes in 2018; parcel groups 2, 3, 4 and 7 were under exclusive negotiating agreements; and the remaining

four were undergoing site planning activities similar to parcel group 5.

Council Member Mendall asked in what format staff would present potential respondents to the request for proposals for development. Analyst Stefanski said as a public hearing. Council Member Mendall asked if Council would have to select from multiple options versus having staff make a recommendation. Deputy City Manager Ott explained that staff would present a short list of potential developers that Council could narrow down so staff could negotiate a term sheet with multiple developers and create competition for the purchase price. Once the preferred developer was selected, she said, and the City was ready to enter into an exclusive negotiation agreement, the term sheet would already be complete. Staff could select the developer, she said, if Council preferred that option.

Council Member Salinas and Mayor Halliday asked for clarification of how a developer could meet the City's affordable housing requirements. Analyst Stefanski explained that the developer could either propose an alternative that meets or exceeds the requirement or, what the City prefers, to construct deed restricted accessory dwelling units in an amount equal to 10% of the total development unit count plus pay 50% of the of the list Affordable Housing In-Lieu fee on the remaining 90% of the total unit count. In other words, he explained, staff was looking for a development that would produce housing and fee revenues.

Council Member Mendall asked why staff was asking for more than the ordinance required. Deputy City Manager Ott explained that by requiring more the City could avoid requiring the developer to build like units and the City from subsidizing extremely large units for moderate income families. This was a compromise, she said, to meet the requirement for on-site affordable housing because technically, building the 10% ADUs was not entirely consistent with the ordinance. Deputy City Manager Ott said staff had taken feedback from Council, the community, and staff to develop a creative solution but were open to suggestions.

Anthony Fidel asked staff if there would be a Homeowners Association (HOA) for the development and how it would impact him. He had not made any improvements to his home, he said, as he was waiting to see what was going to happen. Council Member Mendall said the HOA would have no jurisdiction over him.

Mr. Fidel said he owned two parcels, one of which was two-thirds of an acre. He asked if he could build a house on the second parcel and if he would have the same rights as the new development. He noted a neighbor was having problems because they were under the 20,000 square foot minimum. Deputy City Manager Ott said once a developer was selected and a tentative map created that would subdivide the property. She said staff could help him coordinate with the developer to have his property included in the map.

Mr. Fidel asked what was Phase II. Deputy City Manager Ott said there were parcels near the fault that would require additional technical work so those would be developed separately from Phase I. Mr. Fidel said he would prefer if Phase II homes were not built because they would ruin his view.

Mayor Halliday asked if the existing homes were shown on the presentation map. Mr. Fidel showed the Mayor where his property was located on the map. Mayor Halliday asked how many homes were there. Mr. Fidel said there were two on Maitland, two on Bunker Hill. Kevin (last name not given, with a home on Maitland) said there were six homes. He said he had lived there for 40 years not

complaining and watching his neighbors taking care of each other.

Mary Ann Higgs thanked John and Jennifer for going above and beyond working with the neighborhood and showing up at meetings on their personal time. She said Analyst Stefanski really captured the spirit of what the neighbors had been saying about keeping the area rural.

That said, Ms. Higgs said she did not agree that lot sizes should average 10,000 square feet rather than the current zoning of 20,000 square feet with 30% coverage. What was not shown on the map, she said, was the General Plan designation of Suburban Density/Rural that allowed for lot sizes of 10,000 square feet to one acre. She said she recognized the need for flexibility to attract a developer, and to allow the developer decide how to best utilize the land, but she said rather than going from 4,500 to 20,000 square foot lots the City should have a minimum of 10,000 square foot lots to be consistent with the General Plan designation and the existing housing development at the top of Garin. Ms. Higgs said she preferred the 30% lot coverage to keep with the rural environment but wouldn't be completely against going to 40%. Although she knew there were some neighbors who wanted a minimum of 20,000 square foot lots, what she liked about variable lot sizes was diversity would be built in automatically. Even if developers build to 30% on every lot, she said, the different lot sizes would lead to different home sizes that would attract different people. Having the same lot size, she said, would lead to the same size home in three different styles.

After showing committee members where his lot was located on the map, Thomas Burke said he and his wife wanted to see minimum density. When he asked staff what was the minimum number of homes that could be built and still keep the development financially feasible, he was told 50. Mr. Burke said he knew what he was getting into when he bought the property, but for himself and on behalf of his neighbors, implored staff to keep the development to no more than 50 homes. He said simplicity and harmony should be the objective.

Mr. Burke also expressed concern about adding a road that created access from Carlos Bee Boulevard and asked staff to look for better solutions.

Bernadette Chan said even though the speed limit was 30 miles per hour on Carlos Bee, a lot of people went a lot faster. She said opening a north-to-south road would create a dangerous situation. Mayor Halliday said staff was aware of the speeding and was considering traffic calming measures. Ms. Chan said allowing for two or three cars would lead to 200 cars. Mayor Halliday asked Ms. Chan if she was afraid people would cut through the development or that residents would drive fast. Ms. Chan said she was concerned for residents trying to pull out of the development to go down Carlos Bee because cars went so fast.

Ms. Chan also mentioned that she and her neighbor were connected to the City's sewer system.

Bill Espinola said because wildlife comes down near his property next door on parcel 7, it was important to keep the character of the neighborhood with larger lot sizes. He said larger lot sizes would also allow for accessory dwelling units which were a good product that were needed for multi-generational families.

Mr. Espinola said a traffic study was needed for the corner of Carlos Bee and Mission Boulevard. He said that intersection was already heavily congested and additional homes both on parcel 5 and at the quarry site, would only create more traffic problems.

Feedback from Council Member Mendall:

- Regarding green features, he said he would like to see all electric, no natural gas as an option
- He was supportive of the staff recommendation to require ADUs and fees
- He asked the residents present if they wanted sidewalks and the response was yes, if the street was wide enough
- He supported the density proposed by staff noting every new development in Hayward was more dense than what was there originally. He said he would fight to protect them against 4-story homes because they were completely out of character for the neighborhood but having an average lot size of 10,000 square feet was asking them to take on a little more density but was close to what was there.

Feedback from Council Member Salinas:

- He agreed with Council Member Mendall regarding density; everyone needed to be flexible. He acknowledged 74 homes was a lot, but no knew for sure how many would be built.
- He requested that the RFP require the developer to stay in constant contact with neighbors
- He said he hoped staff would be mindful of the spirit of the neighborhood and if 74 homes looked too packed, he would vote against the development
- Whatever was built, he suggested it have a custom look that preserves the rural feel of the area. He commented that the homes in Stonebrae all looked the same and had no backyard.
- Regarding lot sizes, he agreed with comments advocating for medium density. He said he wanted flexibility, but he also wanted the development to be nice and in conversation with the neighborhood.
- He supported an all-electric option.

Feedback from Mayor Halliday:

- She said she had a hard time envisioning the final development and thanked Ms. Higgs for a recent tour.
- She pointed out that developers wouldn't build houses if they didn't make a profit and the City was asking a lot of them.
- She also expressed concern that if the City didn't build more density the State might tell the City what to build since these were public lands.
- She supported increasing the minimum lot size from 4500 square feet.
- She agreed that traffic came down the Carlos Bee hill very fast and safety measures would be needed if a road was added. She supported adding a road to create emergency access in the case of a fire or natural disaster.
- She commented that she didn't see what green features the City would be looking for in the RFP.
- While a shuttle system might be created at some point, she acknowledged that this would be a car-oriented development based on the slope of the surrounding hills. Deputy City Manager Ott said electric bikes were used in San Francisco as a possible alternative and confirmed they could make it up the hill.

Council Member Salinas commented that during a conference tour in Los Angeles he saw examples of

the State cramming in high-density developments along transit lines with no community input. Council Member Mendall said the City was not going to do that. Council Member Salinas said that was precisely why staff was going through this process; because the City didn't want that to happen.

Mary Ann Higgs noted that the neighboring parcels (Westview and Central) were zoned a minimum of 5,000 square feet lot size, average lot size of 7,000. If the new development was consistent with surrounding neighborhoods, she said she could live with that. Mayor Halliday said 5,000 square feet sounded minimum enough. Deputy City Manager Ott said staff would circle back with Planning and try to make that happen.

Anthony Fidel said his young children expressed a desire for more kids in the neighborhood. He also requested that speed limits through the neighborhood be reduced to 15 miles per hour now. Mr. Fidel also commented that the proposed designs he's seen don't maximize the hillside potential.

Bernadette Chan asked if the all-electric requirement would apply to existing homes and was told no.

Deputy City Manager Ott asked members if they would like staff to skip coming to Council with a short list of developers. Council Member Mendall said it could be optional noting if one of the proposals stood out they may not need to. Mayor Halliday said staff could decide. Deputy City Manager Ott said stand if they received two very strong proposals they would bring them for Council review.

4. FUTURE MEETING TOPICS AS OF JUNE 3, 2019

Mayor Halliday asked if items on the list could have future meeting dates assigned to them. Regarding Marketing & Branding, she commented that the City's cable channel, Channel 15, had videos from years ago still constantly looping. City Manager McAdoo said she was working with staff to perform a complete content audit.

Council Member Mendall noted that members had discussed giving Economic Development Manager Nguyen a couple of months to get reacclimated.

Council Member Mendall asked if staff could review overall fee structure for development and provide an analysis of fees compared to other cities. He noted that Council had provided analysis for park in-lieu and affordable housing fees, but before raising those, he wanted to see total fee load first.

City Manager McAdoo noted that a barriers to development report was coming to Council.

Economic Development Manager Nguyen asked if the Marketing & Branding item could be changed to focus specifically on collateral needs assessment for Economic Development. Members were supportive.

Council Member Salinas noted that many of the images of City Hall were taken at night and looked very dark. He said he hoped in the process of review images would be updated with more attractive professional photographs.

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

Economic Development Manager Nguyen said the recent Business Appreciation Event held at Stonebrae County Club in partnership with PGA Tour had a historic number of attendees; 78 in total. He noted they literally had to kick people out at the end. Mayor Halliday said it was a great event despite the rain.

Following up on the comments made by Chamber President Huggett about the RefleXion Grand Opening, Economic Development Manager Nguyen mentioned the facility would include 50,000 square feet of production space, was biotech, and was expanding. He noted manufacturing was alive and well in the City of Hayward. He also mentioned that the event received great press coverage from CBS News and was featured in the San Francisco Business Times.

ADJOURNMENT: The meeting was adjourned at 6:08 p.m.