



COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES – March 4, 2019

CALL TO ORDER: Mayor Halliday called the Regular meeting to order at 4:04 p.m.

ATTENDANCE (September 2018-July 2019):

| Committee Member | Present 3/4/19 | All Meetings Year to Date | | Meetings Mandated By Resolution | |
|------------------------|-------------------|------------------------------|--------|------------------------------------|--------|
| | | Present | Absent | Present | Absent |
| Mayor Halliday (Chair) | ✓ | 5 | 0 | 4 | 0 |
| Council Member Mendall | ✓ | 5 | 0 | 4 | 0 |
| Council Member Salinas | ✓ | 2 | 0 | 2 | 0 |

* Council Member Salinas appointed as of Feb 2019

OTHERS IN ATTENDANCE:

Kelly McAdoo, City Manager; Jennifer Ott, Deputy City Manager; Laura Simpson, Development Services Director; Chuck Finnie, Communications & Marketing Manager; Catherine Ralston, Economic Development Specialist; Marcus Martinez, Assistant Planner; Suzanne Philis, Senior Secretary; Doug Jensen, MuniServices; Ross Ferrera, Meta Housing; Lauri Moffet-Fehlberg, Dahlin Group; Kim Huggett, Chamber of Commerce; Surina Piyadasa

PUBLIC COMMENTS

Hayward Chamber of Commerce President and CEO Kim Huggett noted the Chamber hosted 11 events in February including a California Earthquake Authority workshop held at City Hall on the 19th, the grand opening of Erik's DeliCafe on B Street, the grand opening of 808 A Street on the 22nd, and the Canadian Consul Luncheon at the Golden Peacock Banquet Room on the 27th. He mentioned that Canada is the number two trading partner with the U.S.

1. APPROVAL OF MINUTES OF REGULAR MEETING FEBRUARY 4, 2019

A motion to approve minutes was made by Council Member Mendall with a second by Council Member Salinas. Minutes from the February 4, 2019 Regular Meeting were approved.

Item #3 on the agenda was heard first.

2. REVIEW OF A SITE PLAN REVIEW AND DENSITY BONUS APPLICATION FROM THE META HOUSING CORPORATION FOR AN AFFORDABLE MIXED-USE DEVELOPMENT ON A 2.2 ACRE PARCEL LOCATED AT 29497, 29547, and 29553 MISSION BOULEVARD

Mayor Halliday introduced the item. Ross Ferrera, Vice President of Meta Housing Corporation, noted the proposed development included 140 affordable housing units. He then introduced Senior Principal Architect Lauri Moffet-Fehlberg with the Dahlin Group who gave the presentation.

Mayor Halliday asked about the proposed operator of the on-site daycare and Mr. Ferrera said she was a local provider with 20 years' experience.

Council Member Mendall said overall, he was supportive of the concept, he liked the retail frontage and the proposed deck, but said the project was severely under parked. He pointed out that with 140 units with a mix of 1-, 2- and 3-bedrooms, that meant approximately 420 people would have to share 93 parking spaces. For that reason alone, he said, they should expect community opposition to the project. Without sufficient parking, he said the project was unlikely to be approved.

Mr. Ferrera said under the form-based code, because of the proximity of the site to the South Hayward BART Station, they didn't have to provide any parking, but they were attempting to strike a balance with the maximum number of parking spots allowed (1.5 per unit), and state guidelines of .5 spaces per unit for affordable developments within a half-mile of BART. Mr. Ferrera said to combat the shortage they had created shared after-hour parking, a ride-share pick-up area, were looking into potentially providing passes for AC Transit, and providing plenty of bike storage.

Council Member Mendall said under the form-based code new developments were supposed to add more streets to make the area walkable and to create more street parking. He noted that new developments haven't wanted to include new streets or to provide additional parking, fundamentally breaking the model. Council Member Mendall suggested renting parking spaces from the union hall next door. Mr. Ferrera said they had reached out to the union and that they were also looking at a vacant parcel landlocked behind the neighboring retail strip.

Council Member Salinas said he was afraid that parking would be used as an excuse to deny some of the proposed developments along Mission. The City needs projects like this, he said, and he didn't want parking to be what stopped it. In reviewing the project, Council Member Salinas said the windowless wall reminded him of a jail, but he liked the other features including the color scheme.

Council Member Salinas confirmed with staff that the feedback desired was whether to allow concessions related to the form-based code. Marcus Martinez, the City planner assigned to the project, said because the development was fully affordable it was allowed three concessions to amend development standards. Mr. Martinez said staff would like feedback related to a Zoning Text Amendment to either remove or amend the required thoroughfare.

Mayor Halliday said at her Rotary meeting earlier in the day, they were discussing the projects already planned along Mission and someone asked what the City was going to do about traffic. She commented that increasingly decisions related to parking and traffic were being taken away from City control. She asked if the project was inside the half-mile radius of the BART Station and Mr. Ferrera said it was right on it.

Mayor Halliday said Hayward was one of the cities that wanted the product they were offering. She noted residents would have to qualify to live in the affordable units and the City couldn't expect them to not have cars. She questioned how the City could navigate the transition to a carless society when people still needed cars to get to work. She said residents would end up parking in SoHay if the project was built as designed. She spoke about proposed rapid bus services along Mission and mentioned that there were unfinished plans that would add a parking garage at the South Hayward BART Station.

Mayor Halliday said she was supportive of the other concepts associated with the project but expressed concern about the bright color palette. Ms. Moffet-Fehlberg said staff had brought up the amount of gray and the color was added to break it up. She said she could warm up the gray to a soft sable. Mayor Halliday mentioned a trip she took to China and how LED lighting had been used as part of building design. Regarding the timing of the financing for this project, she understood it could be tricky and said she didn't want to hold up the project.

Mr. Ferrera noted they were constrained by financing and were doing the best they could to provide affordable housing with the limited funds available. Mayor Halliday said when marketing the project, the lack of parking had to be prominently noted and she recommended implementation of a strong car-share program. Considering the push from the state to build affordable projects like this near a BART station, she was inclined to support it, but encouraged more thought about possible solutions to the parking issue.

Council Member Salinas asked how technology including ride share programs could be incorporated into a project like the one proposed. Mr. Ferrera said it was a marketing aspect and that he would have to research whether cars could be prohibited (later Mr. Ferrera said it couldn't be mandated). Ms. Moffet-Fehlberg suggested unbundling the parking and having residents sign up until all the spots were spoken for. Members commented that unbundling the parking was assumed and having a cut off would push residents to park in other neighborhoods. Council Member Mendall suggested a kickback to residents who didn't have a car.

Council Member Mendall commented that he was proud that south Hayward residents supported affordable housing projects. Although they expressed concerns about traffic, he said, they expressed no opposition to the density. He again said that the lack of parking for this project could impact support.

Mayor Halliday again stated the City may not have a choice about parking and Council Member Mendall commented that if that was the case, then they didn't need his approval. Mr. Ferrera said he wanted to work with the City and develop something they could be proud of. Mayor Halliday said they were open to the concept but expressed concern about the color palette and the lack of windows on the frontage.

Assistant Planner Martinez said staff would continue to work with Meta Housing to deal with the traffic and parking management issues discussed but noted it would be a culture shift to figure out how to deal with people and parking at the same time. He pointed out that providing more parking could trigger CEQA (California Environmental Quality Act) transportation impact concerns.

Council Member Mendall said 10 years ago a similar project would have been required to provide 2.4 parking spots per unit. He said he'd be OK with 1.5 or 1.4, but 0.6 wasn't realistic.

Council Member Salinas said rather than making people give up their cars, it was a matter of making it easy for residents to not have cars.

Council Member Mendall confirmed staff was only looking for feedback. Assistant Planner Martinez said he needed policy direction on the amendment. Mayor Halliday reiterated Council Member Mendall's statement that form-base couldn't work with piecemeal development.

Mr. Ferrera said they needed a decision on the proposal to eliminate the partial road. Council Member Mendall said he was fine with getting rid of the road if the parking issue was resolved, otherwise the street could provide on-street parking. Ms. Moffet-Fehlberg commented that the project was landlocked and the street would go to nowhere. Council Member Salinas asked if a road could come from Industrial and was told no, not without tearing down an existing retail space.

3. MUNISERVICES SALES TAX PRESENTATION

Deputy City Manager Ott introduced Doug Jensen with MuniServices who gave the presentation.

While reviewing the Top 25 Sales Tax Generators and after being told the list was based on sales through September of 2018, Council Member Mendall said he was surprised Motorcoach International wasn't on list. Mr. Jensen said he was expecting to see some numbers from them next quarter noting they supplied executive shuttle buses for companies like Google.

Council Member Salinas asked if the new South San Francisco Business Costco sold different merchandise than the Hayward Business Costco and if that was why Hayward was now experiencing leakage (shoppers going out of the area to purchase goods). Mr. Jensen said both locations used the exact same business model but explained that the Hayward Costco had been attracting shoppers from the Peninsula who were now shopping at the South San Francisco store. Mr. Jensen noted that new stores could benefit all Costco locations which were considered overcrowded; with more stores to alleviate demand, more people would renew their membership and start shopping at Costco again.

Council Member Salinas said he was surprised to see Sears Roebuck & Company on the list of Top 25 Sales Tax Generators and asked if the Hayward store was still strong. Mr. Jensen said no. He noted when Sears merged with Kmart the Company became a quasi REIT (real estate investment trust) with many owned properties having inexpensive leases that helped maintain revenues. At mall locations where Sears didn't own the building, Mr. Jensen said mall owners were asking Sears to leave. Members noted Sears owned the Hayward location.

Council Member Mendall asked for a ballpark number of online sales tax revenues for 2020 or for the first report available since the June 2018 ruling (South Dakota v. Wayfair, Inc.) had been in effect. Mr. Jensen said out of state businesses had been notified to start collecting sales tax on April 1st of this year. He said the first allocation of dollars would be available in August but noted one estimate had an additional \$740,000 per year coming to the City of Hayward.

Council Member Mendall asked for clarification of what geographic area was represented by the gray cyclical line on the Sales Tax by Geographic Area graph. The line was identified as sales at Southland Mall and the cyclical increases were holiday and back to school shopping.

Mayor Halliday asked for clarification of what was being shown on the Employment Compared to Sales Tax Per Capita chart. Mr. Jensen explained that the gray bars reflected the total number of Hayward residents with jobs and the green line the sales tax per capita. He said a perfect correlation coefficient is 1.0 and Hayward's correlation is .88. He said growth for both had been steadily increasing.

Council Member Mendall asked if the estimated \$94 per year in sales tax revenues for each new resident in Hayward was captured in the revenue projections for new development. City Manager McAdoo said only property tax revenues were included. Council Member Mendall suggested the number be included once it was verified as accurate.

4. FUTURE MEETING TOPICS AS OF MARCH 4, 2019

Council Member Mendall said the analysis of sales tax generation could now be removed. He also said the tour of the industrial crescent could be removed. Mayor Halliday asked if the CEDC would be reviewing the industrial zoning regulation updates and was told it was coming back as an option for Council. Members agreed to remove the tour from the list.

Mayor Halliday suggested the report on RHNA numbers and CASA Compact be moved up. Deputy City Manager Ott said staff could present it from an economic development perspective that included the balance of jobs and housing with transportation impacts.

Council Member Salinas asked about vacancy fees for downtown properties. City Manager McAdoo said Development Services was bringing the item to Council as a Work Session, but it could come to the CEDC first. Deputy City Manager Ott said the report could include information on a parcel tax. Council Member Mendall asked that the report include medium to long-term trends on the vacancy rate for different types of parcels. Specialist Ralston said staff could present a 10-year trend.

Mayor Halliday asked if members still wanted a report on the impact of cannabis. Council Member Mendall said he had asked for that report so the Economic Development team, when fully staffed, could give their view of industry. He said that report could wait.

Mayor Halliday said she was still interested in learning how other cities were able to generate shared work spaces and incubators.

Council Member Salinas asked if downtown property owners had ever been invited to meet with the City. City Manager McAdoo said when she first started eight years ago she met with some owners to discuss how the City could assist them, barriers to filling spaces, etc. Council Member Salinas asked if the City should have new conversations. City Manager McAdoo said it could be interesting to see if the tone and tenor on the conversation had changed. She said Development Services had conducted some empathy interviews regarding a vacant property fee.

Deputy City Manager Ott said Economic Development staff had outreached downtown vacant property owners, businesses and merchant groups. Specialist Ralston noted staff attended meetings with members of the new Community Benefit District (CBD) which was comprised of downtown property owners. Council Member Salinas said he would like to invite a group to the CEDC. Deputy City Manager said staff could invite representatives from the CBD but suggested waiting a couple of months since the Board had just formed and was still getting up to speed.

Council Member Salinas mentioned that when the 990 B Street Lounge project recently came to Council for approval that was the first time he had ever seen the property owner. Deputy City Manager Ott said a more formal meeting could be held but noted property owners may not necessarily come. Council Member Salinas said if the CEDC or Council was discussing a policy that could impact them they might. Deputy City Manager Ott said staff could schedule a Special CEDC meeting.

Council Member Mendall asked if the RHNA/CASA Compact report had already been done. Deputy City Manager Ott said Council had heard a report, but staff was prepared to bring a report to the CEDC about the CASA Compact and new housing legislation. Mayor Halliday noted there were economic impacts to the CASA Compact but asked that RHNA numbers be tied in to the report.

Mayor Halliday asked about the gender/equity pay report and was told it would be presented in April.

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

None

ADJOURNMENT: The meeting was adjourned at 5:41 p.m.