

# **CITY OF HAYWARD**

Hayward City Hall  
777 B Street  
Hayward, CA 94541  
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CITY OF  
**HAYWARD**  
HEART OF THE BAY

## **Agenda**

**Monday, October 29, 2018**

**4:00 PM**

**City Hall, Conference Room 2A**

**Council Economic Development Committee**

**CALL TO ORDER**

**ROLL CALL**

**PUBLIC COMMENTS:**

(The Public Comment section provides an opportunity to address the City Council Committee on items not listed on the agenda as well as items on the agenda. The Committee welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the City or are within the jurisdiction of the City. As the Committee is prohibited by State law from discussing items not listed on the agenda, any comments on items not on the agenda will be taken under consideration without Committee discussion and may be referred to staff.)

**APPROVAL OF MINUTES**

1. [MIN 18-139](#) Approval of the Council Economic Development Committee September 17, 2018 Special Meeting Minutes

**Attachments:** [Attachment I September 17, 2018 Special Meeting Minutes](#)

**REPORTS/ACTION ITEMS**

2. [WS 18-040](#) Concept Project Review - Gillig Site

**Attachments:** [Attachment I Staff Report](#)

3. [RPT 18-181](#) Conditions of Approval - Mixed Use and Affordable Housing Projects

**Attachments:** [Attachment I Staff Report](#)  
[Attachment II Draft Conditions of Approval](#)

**CONSENT**

4. [CONS 18-735](#) Small Business Assistance Program Update

**Attachments:** [Attachment I Staff Report](#)

**FUTURE AGENDA ITEMS**

5.      [RPT 18-183](#)      Approval of Meeting Topics as of October 29, 2018

**Attachments:**      [Attachment I Oct 2018 Future Meeting Topics](#)

**COMMITTEE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS**

**ADJOURNMENT**



# CITY OF HAYWARD

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**File #:** MIN 18-139

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**DATE:** October 29, 2018

**TO:** Council Economic Development Committee

**FROM:** Deputy City Manager

**SUBJECT**

Approval of the Council Economic Development Committee September 17, 2018 Special Meeting Minutes

**RECOMMENDATION**

That Committee members review and approve the draft meeting minutes.

**ATTACHMENTS**

Attachment I September 17, 2018 Special Meeting Minutes



## COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES – September 17, 2018

CALL TO ORDER: Mayor Halliday called the meeting to order at 4:02 p.m.

### ATTENDANCE:

Committee Member	Present 9/17/18	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Michael Ly	✓	6	2	6	2
Didacus-Jeff Joseph Ramos	✓	7	1	7	1
Mayor Halliday (Chair)	✓	8	0	8	0
Council Member Márquez	✓	8	0	8	0
Council Member Mendall	✓	8	0	8	0

### OTHERS IN ATTENDANCE:

Kelly McAdoo, City Manager; Jennifer Ott, Deputy City Manager; Laura Simpson, Director of Development Services; Micah Hinkle, Economic Development Manager; Sally Porfido, Economic Development Consultant; Catherine Ralston, Economic Development Specialist; Colleen Kamai, Executive Assistant; Michael Berne, MJB Consulting; Kim Huggett, Hayward Chamber of Commerce; Surina Piyadasa

### PUBLIC COMMENTS

Mayor Halliday acknowledged that this meeting was the last with outside representatives and would be Council-only moving forward. She said the City appreciated the input from citizen members and with their terms expiring, thanked Members Ly and Ramos for their participation.

Mayor Halliday noted that she and Council Member Márquez would have to excuse themselves early from the meeting.

Hayward Chamber of Commerce President and CEO Kim Huggett also thanked outside members, in particular Member Ly for donations from Sugar Bowl Bakery. Mr. Huggett reviewed participation in the Biocom Workforce Resources event held at City Hall the previous week, announced the 33<sup>rd</sup> Annual Business Expo on Oct. 10<sup>th</sup> in the Grand White Tent at St. Rose Hospital, and noted Erik's Deli

Cafe was opening soon on B Street. Mr. Huggett also noted the Chamber had signed a partnership agreement with Eden Area One-Stop to assist Chamber-member businesses recruit local employees.

Council Member Márquez thanked the Chamber for organizing the 9<sup>th</sup> Annual Mariachi Festival, a huge, free, family-oriented local event. She also thanked sponsors.

### 1. APPROVAL OF MINUTES OF REGULAR MEETING JUNE 4, 2018

A motion to approve minutes was made by Council Member Mendall with a second by Council Member Márquez. Minutes from the June 4, 2018 Regular Meeting were approved with one minor correction.

### 2. APPROVAL OF 2018-2019 REGULAR MEETING SCHEDULE

A motion to approve the Regular Meeting Schedule was made by Council Member Mendall with a second by Council Member Márquez. The motion was unanimously approved.

### 3. RETAIL CORRIDOR STUDY – FINAL PROJECT UPDATE

Economic Development Manager Hinkle introduced the item noting Mr. Berne had provided an overview of the project at the June 4<sup>th</sup> CEDC meeting and today would provide the findings.

Mr. Berne summarized his earlier report and then focused on specific sites where retail was most viable and should be protected within Hayward's three primary retail and commercial corridors: Mission Boulevard, Industrial Parkway Southwest (near Whipple Road and I-880), and Tennyson Road.

#### General Comments

Mr. Berne noted that in his report he focused on larger national and regional brands not because he preferred them or recommended them, but because those retailers were the anchors that would help to underwrite redevelopment of commercial areas and spaces. He said the brands mentioned in his report had been filtered through criteria that indicated they would be a good fit for Hayward both in terms of demand by residents and expansion opportunities for the retailers.

Council Member Mendall said he found Mr. Berne's presentations educational and noted they had evolved his thinking of the different corridors, which were so different from one another. If he had to choose directions for the corridors he would "reimagine" Whipple as a regional retail attraction, "redevelop" the sites along Mission Boulevard for general and neighborhood commercial, and "rehab" what's on Tennyson Road. Council Member Mendall said he was disappointed there wasn't more opportunity for redevelopment on Tennyson, but the reasons provided by Mr. Berne were logical and no developer would invest in the area if Mission was a better option.

Council Member Mendall asked if demolition of an existing building was a good way for the City to spur redevelopment of a site. Mr. Berne said the cost of demolition wasn't insignificant and noted a lot of the existing buildings could be reworked if there was enough revenue potential. Council Member Mendall concluded it wasn't a go-to move and Mr. Berne agreed, unless the property clearly didn't have a reuse.

Council Member Mendall said it had been pointed out that Hayward already had enough tobacco and liquor-only stores and there were very few exceptions why he'd want to encourage more. He asked if it would hurt development if the City changed its zoning to eliminate tobacco and liquor-only stores. Mr. Berne said besides impacting businesses like Total Wine, which would want to be located near a freeway, he said in the near-term he didn't see anything the City would be missing out on. Council Member Mendall recommended the City consider a zone change even as a moratorium. City Manager McAdoo said her only concern was the impact on the downtown if a wine bar or cigar lounge wanted to come in. Council Member Mendall suggested the change for Neighborhood Commercial zones or at least not allowing them by-right.

Council Member Márquez asked for direction on next steps and who should undertake them. Manager Hinkle said Mr. Berne's report was educational for everyone and the feedback provided by members would help determine next steps. He said the Form-based code along Mission Boulevard was coming up for review and perhaps a commercial overlay should be considered to protect prime retail locations. Council Member Márquez asked when the Form-based code would be reviewed, and Director of Development Services Simpson said the Downtown Specific Plan was scheduled for fall with the code following in winter.

Council Member Márquez asked if this report concluded the assignment. Staff indicated Mr. Berne would be giving a final report to Council that included the feedback from CEDC members and timing of next steps from Development Services if there were zoning changes. City Manager McAdoo suggested the report include a timeline with five or six recommendations. Mayor Halliday asked when the report would go to Council and Manager Hinkle said in the next month or so, but it depended on the work load for Development Services staff.

Mayor Halliday said the report gives staff a lot to work with, but while Mr. Berne was talking about cars, parking and traffic counts, the State was telling them to build lots of housing without parking because in the future people weren't going to own cars. She said there seemed like a real disconnect and wondered if they were really moving toward a non-car-based society.

Mayor Halliday also pointed out that commercial included a lot of businesses other than retail and noted demand was changing so fast. She mentioned daycare as a growing need, especially with all the new housing being built, and asked staff to assess the need and how the City could build it into the community.

Member Ramos said the City was going backwards and creating more sprawl by trying to infill these sites that were too narrow and lacked good access—he said the answer was still mixed-use. While Member Ramos agreed with Council Member Mendall about excluding liquor stores from zoning regulations, he said overall, the City's zoning was not ideal or functional and was doing harm. He said the City needed to start inventing a new toolkit.

Member Ramos said he agreed that demolition of a building didn't always make sense, but it did for the building at C and Main Streets. Council Member Márquez said that had already been approved for demolition. City Manager McAdoo confirmed the building would be demolished along with the first set of buildings in the 238 project.

Council Member Mendall said there seemed to be consensus about rezoning the properties discussed.

He said he wanted to rezone them to regional retail, and although he didn't want to exclude other options including mixed use, he also wanted to make sure undesired uses didn't slip in without also including retail or receiving specific permission from the City.

Member Ramos said the City's zoning codes list what the City doesn't want instead of focusing on City preferences. He said staff should stand by the codes and demand developers build the projects the City envisions and wants. Mr. Berne agreed, saying there were locations where the City should demand more creative solutions.

### Mission Boulevard Corridor

Mr. Berne reiterated the main features of Mission Boulevard: localized draw, not located near a freeway, anchors tend to meet weekly and daily needs, and a relatively small trade area. If residents living in the hills (including Cal State East Bay students) were included in the trade area, he said, the population would be considered "underserved" and new retail, like a grocery store, on Mission may become more convenient than travelling to similar retail in Castro Valley or Pleasanton.

Mr. Berne said based on the type of retail that would do best on Mission Boulevard (food and beverage, grocery, and discount variety), there wouldn't be as much competition from e-commerce. Although auto dealerships were making a comeback, he noted they did not generate spin-off opportunities for other retailers.

Mr. Berne listed the following five sites as having the most potential on Mission Boulevard: west side, between Jack in the Box and Sycamore Avenue; south and northeast corners at Carlos Bee; southwest corner at Harder Road; southeast corner at Tennyson Road; and northwest corner at Industrial Parkway.

Council Member Márquez noted the Kmart property was on 11 acres but asked the square footage of the building. Mr. Berne and staff estimated around 80-100,000sf.

Member Ramos asked what was better: surface parking or parking structures. Mr. Berne said structures were expensive to build, so the land had to have enough value to justify the cost. Mr. Berne also noted that typically consumers, in particular women, didn't like parking structures except for at destination retail like downtowns, huge shopping centers, or movie theaters.

Council Member Mendall said, for the most part, the General Commercial zoning was correct on Mission Boulevard and any remaining residential parcels should be rezoned. He commented that the commercial strip behind Burger King (at Industrial) needed redevelopment and if that parcel was assembled with the vacant lot next to it would create a nice chunk of land.

Council Member Márquez asked about highest and best use for the intersection of Mission Boulevard and Carlos Bee. Mr. Berne's report indicated grocery and restaurant to attract hill residents and students, but she asked what his thoughts were about gas station/automotive uses at the corner. Mr. Berne said those sites were more than symbolically important. He said those corners offered the City a better chance of attracting a different caliber of tenant. He said a gas station on that site would be a bit of a disappointment.

Council Member Márquez asked if job creation was part of the analysis for the different sites. Mr.



Berne said those numbers could be computed based on how much retail would be included in a project.

Council Member Márquez said he raised a good point about signage and noted existing businesses on Mission Boulevard had expressed some concerns. She suggested staff take a closer look at possible programs or assistance including wayfinding signage for parking near Mission and the downtown.

Mayor Halliday commented that a lot of people thought of Mission Boulevard as a freeway and noted that while majority of the traffic was local, there were also a lot of people just passing through.

Member Ly said leakage numbers were really high and he asked if there were particular stores Mr. Berne was recommending. Mr. Berne listed the following stores noting any would work except Stein Mart (because they weren't in expansion mode): TJ Maxx, Marshalls, Nordstrom Rack, DSW, and then off-price home goods. For grocery stores on Mission, Mr. Berne recommended Sprouts or H Mart (he noted they just opened their third location in San Francisco). Another was Aldi, a German grocer that belonged to the same family as Trader Joe, he said.

Member Ly asked if staff should prepare a list of the top three desired retailers for the Carlos Bee site if Mr. Berne was recommending against approving a gas station. Mr. Berne said he didn't list particular retail recommendations because the market changed so quickly that what he said now may not hold true when the project was ready to tenant. Council Member Mendall said a list of Council's top three would at least give staff a starting point when recruiting potential retailers. Manager Hinkle said Mr. Berne's report gave staff better data points and storylines to attract new retailers. Mr. Berne agreed that staff outreach to desired retailers would produce the best outcome for Hayward.

Member Ly asked if the City should hold out before accepting a less desirable retailer and for how long. Mr. Berne said it depended on if the City controlled the site and could afford to wait.

Member Ramos asked if he was familiar with the village at USC and when Mr. Berne said yes, Member Ramos said that was what he was envisioning for the Carlos Bee corner. Rather than going with national brands, Member Ramos said Hayward should create its own brand.

#### Industrial Parkway SW/Whipple Road

Retail at Industrial Parkway Southwest, Mr. Berne explained, had a regional draw potential because of its proximity to the freeway and Union Landing (retailers like being near other retail). He listed off-price/cheap-chic fashion, "category killers" (stores that sell a lot of one type of good, for example Michael's or Big 5), furniture/home stores, daily/weekly needs retail, and entertainment venues, as best choices for the area.

Although the cost of assembling and redeveloping industrial parcels for retail use was expensive, Mr. Berne said developers still might consider it in this area because of the difficulty of finding alternative spaces large enough and because of the proximity to Union Landing. Member Ramos asked if industrial lands were being assembled and redeveloped for retail uses in other parts of the country and Mr. Berne said not many.

Council Member Mendall said the parcel with the 24-hour Fitness on Whipple (across from Target)

was correctly zoned as regional commercial, but the surrounding parcels were not. He said short term, all parcels should be rezoned for regional retail. He acknowledged there would be some non-conforming uses for a while, but the rezoning would signal to developers what the City ultimately wanted there.

Council Member Márquez supported Council Member Mendall's comments about the regional draw and zoning of the area, but also suggested looking at improving signage. She noted the City was investing a lot of money to improve the intersection and off-ramps so the timing of the information was good.

### Tennyson Corridor

Mr. Berne explained that the Tennyson Corridor was a very small trade area with 20,000 people (in contrast to Industrial Parkway SW with 160,000), that would have less appeal for new retailers than Mission Boulevard. Even though traffic counts were high on Tennyson, Mr. Berne noted the lot sizes were relatively small and not very deep, so assemblage opportunities were limited. Retail on Tennyson was primarily neighborhood-serving, he said, and successfully meeting the needs of the area.

Council Member Mendall said the existing zoning seemed appropriate if the City wasn't focused on spurring redevelopment. He said efforts there should focus on things like façade improvement grants and loans to improve the area and help it evolve over time. He noted staff had already begun those efforts.

Council Member Mendall asked about the Kaiser site on Tennyson (at Hesperian) and suggested the City might want to approach that property differently from other parcels on Tennyson. Mr. Berne said his purview on Tennyson only extended to I-880, but he noted the parcel did have the benefit of being located across from existing retail and was of considerable size. Manager Hinkle also noted the site already had a parking structure. Council Member Mendall said whether it was Mr. Berne or staff, he would like a recommendation for the site and a change of zoning to support the use.

Mayor Halliday said Tennyson had a lot of neighborhood-serving retail, but the City should try to attract what it didn't have like banks and coffee shops. She mentioned the City was building a new youth center at Ruus and Tennyson and new retail spaces would replace the existing youth center. Mayor Halliday also noted Michael's was preferred over Hobby Lobby.

Member Ramos said he thought the Tennyson Corridor gave the City the most opportunity, not the least, but the City's thinking needed to be long-term and include mixed-use. He said single family homes around retail was okay, but retail should also have housing above it to improve access to retail without a car. He said Oakland (not San Francisco) was the best example of how to bring in alternatives like shared bicycles and scooters and start eliminating the need for owning a car.

### 4. FUTURE MEETING TOPICS AS OF SEPTEMBER 17, 2018

Council Member Mendall said he considered the Report on the Changing Demand for Retail complete and could be removed. He asked if the Downtown Specific Plan Update was coming to the CEDC and City Manager McAdoo said it depended on when it ready and the timing with Council. He mentioned he sat on other committees and asked staff to choose a couple that gave the greatest number of

Council Members the opportunity to review.

Council Member Márquez asked if the Committee would be revisiting the Economic Development Strategic Plan Update. Manager Hinkle said staff was working on a draft with other support departments and would be bringing it back for comment. Council Member Márquez asked if it could be added to the list.

#### COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

None

ADJOURNMENT: The meeting was adjourned at 5:49 p.m.



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**File #:** WS 18-040

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**DATE:** October 29, 2018

**TO:** Council Economic Development Committee

**FROM:** Deputy City Manager

**SUBJECT**

Concept Project Review - Gillig Site

**RECOMMENDATION**

That the Council Economic Development Committee provides feedback to the project development team on their initial proposal for the site.

**SUMMARY**

The development team, Hines, is requesting a preliminary review of their site design and proposed uses for the redevelopment of the Gillig site. Staff has not performed any site analysis on this proposal prior to the presentation at the meeting. The following report is to provide the members of the CEDC with the existing goals and policies of the General Plan for the Industrial area and the goals of the Economic Development Strategic Plan Catalyst Site identification.

**ATTACHMENTS**

Attachment I      Staff Report



DATE: October 29, 2018

TO: Council Economic Development Committee

FROM: Deputy City Manager

SUBJECT: Concept Project Review – Gillig Site

#### RECOMMENDATION

That the Council Economic Development Committee provides feedback to the project development team on their initial proposal for the site.

#### SUMMARY

The development team, Hines, is requesting a preliminary review of their site design and proposed uses for the redevelopment of the Gillig site. Staff has not performed any site analysis on this proposal prior to the presentation at the meeting. The following report is to provide the members of the CEDC with the existing goals and policies of the General Plan for the Industrial area and the goals of the Economic Development Strategic Plan Catalyst Site identification.

#### BACKGROUND

The proposed project site is located at 25800 Clawiter Road. The site is approximately 26 acres. There is existing vehicular access from Clawiter Road; however, the site has visual presence along the Highway 92 corridor. The site was previously the location of the Gillig Bus manufacturing site until 2017, when they relocated their facility to another city.

In May 2018, the CEDC reviewed a proposal by Tarlton Properties for a Life Sciences Development. Their proposal included a total of 6 buildings constructed over two phases that would ultimately create just over a million square feet of building space designed for the Life Sciences industry. This project failed to move forward as they were not able to secure funding.

#### DISCUSSION

The Hines development team has requested to present a preliminary design to the CEDC to receive feedback on a new proposal. This design includes the proposed layout of the site and future uses proposed to be located in the new buildings. Staff has not performed any analysis of this proposed project, as it will be presented at the meeting. The project will be subject to a full review and analysis by staff and the appropriate reviewing bodies when a formal

application is submitted to the City, including returning to the CEDC for an official review by this body.

The following information is for the CEDC to have available for their use as they hear the presentation.

## General Plan Goals and Policies

The Industrial Technology and Innovation Corridor applies to the large crescent-shaped industrial area located along Hayward's western Urban Limit Line and southwestern city limits and contains approximately nine square miles. The Corridor is the main employment area of the City and the General Plan identifies it as an important economic asset that needs to be protected and enhanced. General Plan policies for the Industrial Technology and Innovation Corridor support land use changes that will help Hayward transition from a manufacturing-based economy to an information- and technology-based economy.

Goal ED-1: Diversify the economic base of Hayward to support a robust and stable economy with a diverse range of employment, shopping, and cultural opportunities for local residents.

ED 1.15 Objective - The City shall protect the viability of the Industrial Technology and Innovation Corridor as its main employment base by discouraging the intrusion of uses that would erode the integrity of the corridor and maintaining zoning for manufacturing; professional, scientific, and technical services; research and development; and supporting uses.

## Economic Development Strategic Plan

Under the Economic Development Strategic Plan, this site has been identified as a Catalyst site for Industrial Development. Catalyst sites are identified as those parcels that have good proximity to major corridors and arterials, have high visibility, and have potential for positive impact on the surrounding area and community as a whole. The former Gillig parcel is a great representation of all three of these criteria. As one of the few large development sites within the industrial area under a single ownership, this site has the opportunity to accommodate a new industrial type development that can accommodate one or several of the City's targeted industry clusters – advanced manufacturing, biotechnology or life sciences, clean energy or technologies, or specialty food manufacturing.

Often these targeted industries tend to locate in industrial buildings that are in a campus like setting, have smaller building floorplates with larger percentage of office space, have flexible space that can be used for advanced manufacturing or lab space, and provide employee amenities on site. This type of development has recently seen an increase in development around the region as start-up technology and biotechnology companies continue to locate in the Bay Area.

## Zoning Regulations

The site is currently zoned Industrial. The City's existing zoning standards allow for a variety of uses and do not create specific zones or design standards. The City is currently in the process of updating the Industrial Zoning standards to create specific districts within the Industrial Area as well as adopting design standards and guidelines for future projects. The project being presented to the CEDC has not been evaluated as to whether it conforms to current or proposed industrial zoning standards and design guidelines. Upon submittal, the project will receive a full evaluation and will return to the CEDC for a formal review and recommendation at that point. At this time, the applicant is only seeking feedback on the proposed design in terms of general layout and potential uses.

#### ECONOMIC AND FISCAL IMPACT

At this time, there is no economic and fiscal impact associated with this preliminary review. A full economic and fiscal analysis will be completed when a formal application is submitted to the City.

Prepared by: Catherine Ralston, Economic Development Specialist

Recommended by: Jennifer Ott, Deputy City Manager

Approved by:



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Kelly McAdoo, City Manager



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**File #:** RPT 18-181

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**DATE:** October 29, 2018

**TO:** Council Economic Development Committee

**FROM:** Director of Development Services

**SUBJECT**

Conditions of Approval - Mixed Use and Affordable Housing Projects

**RECOMMENDATION**

That the Council Economic Development Committee (CEDC) reviews and provides feedback on the draft standard conditions of approval related to the phasing of mixed-use projects and affordable housing.

**SUMMARY**

The Development Services Department - Planning Division is currently evaluating and updating standard conditions of approval as part of ongoing process improvements related to the City's development review process. Several of these conditions refer to: the phasing and construction of commercial uses for mixed-use projects; the phasing and construction of open space and community benefits for planned developments; and the options available to applicants for compliance with the Affordable Housing Ordinance. Staff is requesting feedback and input from the CEDC prior to finalizing these conditions, which would be added to mixed-use, planned development and affordable housing projects.

**ATTACHMENTS**

Attachment I	Staff Report
Attachment II	Draft Conditions of Approval





DATE: October 29, 2018

TO: Council Economic Development Committee

FROM: Director of Development Services

SUBJECT: Conditions of Approval - Mixed Use and Affordable Housing Projects

#### RECOMMENDATION

That the Council Economic Development Committee (CEDC) reviews and provides feedback on the draft standard conditions of approval related to the phasing of mixed-use projects and affordable housing.

#### SUMMARY

The Development Services Department - Planning Division is currently evaluating and updating standard conditions of approval as part of ongoing process improvements related to the City's development review process. Several of these conditions refer to: the phasing and construction of commercial uses for mixed-use projects; the phasing and construction of open space and community benefits for planned developments; and the options available to applicants for compliance with the Affordable Housing Ordinance. Staff is requesting feedback and input from the CEDC prior to finalizing these conditions, which would be added to mixed-use, planned development and affordable housing projects.

#### BACKGROUND

Earlier this year, Development Services staff began to evaluate the development review process and work collaboratively with other City staff to develop a set of standardized conditions of approval that apply to planning projects. The main objectives of this effort were to: 1) update the existing conditions with consistent language and format that is clear and concise; 2) revise the conditions to incorporate any timelines and project milestones to reflect adopted policies and to communicate City expectations; 3) evaluate the existing development review process and identify process improvements; and 4) expand inter-departmental communication.

As a part of stakeholder outreach, staff has developed several draft conditions (Attachment II) and is requesting feedback from the Council Economic Development Committee on those conditions that specifically relate to the phasing of commercial space as part of mixed-use projects and the provision of affordable housing for residential projects. Staff also forwarded these draft conditions of approval to members of the development community for input and will continue outreach efforts with project applicants for review and

feedback of all conditions prior to any formal action by the Planning Commission or City Council.

## DISCUSSION

Over the last three months, the Planning Division has conducted face-to-face interviews with staff from eight (8) different divisions to evaluate the development review process to standardize conditions of approval. While the initial goal was to meet or exceed the objectives listed above, Development Services staff identified new opportunities for improvement that could expedite and streamline the overall development review process, as well as update the conditions to reflect Council directives related to the construction and timing of commercial space as part of a phased, mixed-use project. Additionally, staff has reviewed the conditions related to the phasing and delivery of affordable housing units when included as part of a residential development.

While the majority of project conditions of approval are “standardized” and reflect adopted policies and regulations to mitigate public nuisances, minimize liability, and reduce environmental impacts, several conditions are overly broad and do not incorporate a timeline or provide a reasonable expectation for compliance. While staff believes there should be a clear nexus established for any standard requirement, the draft conditions offer some flexibility for project phasing.

For mixed-use projects or planned developments that are developed in a single phase or over multiple phases, staff is recommending that benchmarks be established within the conditions of approval to ensure that commercial space and/or community benefits are constructed in a timely manner, commensurate with the construction of the other buildings/uses in the project.

Specifically, for mixed-use developments which are not being phased, staff is recommending that the commercial/retail component of the project be under vertical construction before the issuance of a certificate of occupancy for the first residential unit and shall be completed prior to the issuance of a certificate of occupancy for the last residential unit. This would ensure that the commercial component of the project is completed at the same time the residential construction is completed.

For mixed-use projects that are constructed over multiple phases, staff recommends the conditions establish a minimum threshold to ensure that the at least 50% or more of the commercial space is included as part of the first phase of development with the remainder to be included as a part of, or prior to, the issuance of the building permit for the last phase of the development. While each project has different phasing schedules and delivery timelines, staff has also included some flexibility to consider an alternative phasing plan if approved by the Planning Commission or City Council. Additionally, staff has specified that other public and site improvements that are specifically tied to the commercial/retail use, including parking, lighting, etc. be completed prior to the issuance of the certificate of occupancy for the proposed commercial/retail use. This would ensure that not only is the commercial space provided in a timely manner but the ancillary development regulations that support that use are also provided in a timely manner (parking, lighting, etc.).

Staff is also recommending that Planned Development projects be obligated to a similar benchmark related to providing open space and community benefits. Specifically, staff recommends that each phase of development include a proportionate amount of common open space, facilities, and services so that regardless of whether the project is constructed over one phase or multiple phases, the amount of community benefit provided is consistent and somewhat self-contained in the event of default or failure to complete the total development according to phasing schedule. Staff is also recommending that the applicant provide the approved community benefits during the first phase of construction unless specifically deferred or amended by the City Council. The requirement for community benefits is intended to offset the exception to the development regulations that would normally be required and as such, staff believes the timing of such benefit during the initial stages of construction should be a consideration.

The adoption of the Affordable Housing Ordinance (AHO) and Affordable Housing In-Lieu Fees by the City Council in November 2017 established five options available to developers for compliance with the Ordinance. Specifically, the AHO provides applicants with the option to 1) pay the in-lieu fee; 2) provide affordable units on-site; 3) provide affordable units off-site; 4) provide an alternative plan that may include a combination of an in-lieu fee and providing units; or 5) provide affordable rental units within an ownership project. Since there are five options to comply with the AHO, including paying the affordable housing fee, staff cannot require the inclusion of affordable units as a condition of approval if the applicant chooses to pay the fee. The draft conditions (Attachment II) reflect the options available to developers and depending on the method of compliance selected, would be added to the project as a condition of approval.

To ensure that projects which propose inclusion of the affordable units do not change or modify their proposal, staff recommends memorializing the Affordable Housing Plan (AHP) as a condition of approval. As required by the AHO, projects that will provide affordable housing units are required to submit an AHP as part of the application. For phased residential projects that will include affordable units, the applicant would be required to indicate in the AHP when and where the affordable units would be provided. By including the AHP as an exhibit to the conditions of approval, it could be evaluated, reviewed and approved by the highest approving body (Planning Commission or City Council). Currently, while an AHP is submitted for review with the application, the terms are not memorialized until the applicant signs the Affordable Housing Agreement, which is not required until approval of a final map or issuance of the first building permit, whichever occurs first. If approved projects are sold, the obligation to provide the affordable units could be lost unless they are cited as a condition of approval. Staff believes that memorializing the Affordable Housing Plan in the conditions of approval by the highest approving body, will provide more certainty for the phasing, timing and construction of affordable housing units as proposed in the AHP.

## STRATEGIC INITIATIVES

This agenda item supports the Complete Communities Strategic Initiative. The purpose of the Complete Communities Strategic Initiative is to create and support structured services

and amenities to provide inclusive and equitable access for all with the goal of becoming a thriving and promising place to live, work and play. This item supports the following goal and objective:

Goal 1: Improve quality of life for residents, business owners, and community members in all Hayward neighborhoods.

Objective 2: Foster a sense of place and support neighborhood pride.

Objective 4: Create resilient and sustainable neighborhoods

Objective 5: Actively value diversity and promote inclusive activities

Goal 2: Provide a mix of housing stock for all Hayward residents and community members, including the expansion of affordable housing opportunities and resources.

Objective 2: Facilitate the development of diverse housing types that serve the needs of all populations

Objective 4: Increase supply of affordable, safe and resilient housing in Hayward

#### ECONOMIC IMPACT

There are no identified economic impacts associated with the development of standard conditions of approval.

#### FISCAL IMPACT

There may be a fiscal impact related to specific projects as a result of these modified conditions of approval but the development of standard conditions of approval will not have a fiscal impact.

#### NEXT STEPS

If the CEDC supports the proposed conditions of approval related to the phasing of mixed-used development and the provision for affordable housing, staff will finalize the conditions of approval and include with all future mixed-use or residential developments, when applicable.

Prepared by: Jeremy Lochirco, Principal Planner

Recommended by: Laura Simpson, Development Services Director

Approved by:



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Kelly McAdoo, City Manager

## Project Phasing & Mixed-Use Project COA

1. For the mixed-use development, the commercial/retail component of the project shall be under vertical construction before the issuance of a certificate of occupancy for the first residential unit and shall be completed prior to the issuance of a certificate of occupancy for the last residential unit.
2. For mixed-use projects that propose to construct multiple buildings over multiple phases, the applicant shall construct at least 50% of the commercial/retail component of the project as part of the initial first phase of construction and shall incorporate the remainder of the commercial/retail component as part of or prior to the issuance of the building permit for the last phase, unless otherwise approved as part of the project phasing plan. All other public and site improvements tied to the commercial/retail use, including parking, lighting, etc. shall be completed prior to the issuance of the certificate of occupancy for the proposed commercial/retail use.
3. For Planned Development projects, each phase of development shall provide a proportional share of total planned common open space, facilities, and services so that it may be self-contained in the event of default or failure to complete the total development according to phasing schedule.
4. For Planned Development projects, the applicant shall provide any community benefit, functional facilities and/or project amenities within the first phase of project development to adequately offset the exception to the development regulations that would normally be required, unless specifically approved or deferred by the City Council as part of a project's phasing schedule.

## Affordable Housing COA

### If the Applicant Proposes Payment of Affordable Housing Fee:

This development is subject to the requirements of the Affordable Housing Ordinance (AHO) set forth in HMC Chapter 10, Article 17. As indicated in the application for residential development and Pursuant to HMC Section 10-17.205(a), the Applicant shall comply with the affordable housing requirements by paying the affordable housing in-lieu fee. Applicant shall pay the applicable affordable housing in-lieu fees as set by resolution in effect at the time of payment. Pursuant to HMC Section 10-17.410, the developer shall pay the affordable housing in-lieu fees either prior to issuance of building permits, prior to approval of a final inspection, or issuance of an occupancy permit. No final inspect will be approved and no occupancy permit will be issued for any dwelling unit unless all the required affordable housing in-lieu fees have been paid in full.

If the project is providing the Units, they have four options, which need to be identified as part of application submittal. Depending on which option is chosen, the following condition of approval will apply:

General COA For Any Project Providing Units:

This development is subject to the requirements of the Affordable Housing Ordinance (AHO) set forth in HMC Chapter 10, Article 17. As a condition of approval, the Applicant shall comply with the affordable housing requirements as reflected in the attached Affordable Housing Plan, included as Exhibit (X), and detailed per Section 10-17.510 Affordable Housing Plan. No building permits will be issued for any market-rate units in the Project until permits for all affordable units have been obtained or will be obtained simultaneously, unless the Affordable Units are to be constructed in phases pursuant to a phasing plan approved by City Council.

In addition to the Affordable Housing Plan and pursuant to HMC Section 10-17.515 and Section 10-17.525, the developer shall also enter into and record against the property an Affordable Housing Agreement (AHA) that shall include all elements set forth in the ordinance and the Affordable Housing Plan prior to the approval of a final map or issuance of the first building permit, whichever occurs first. Additional rental or resale restrictions, deeds of trust, option agreements and/or other documents acceptable to the City Manager or designee shall be recorded. [ if applicable (for off-site development only): The AHA must simultaneously be recorded against the project site and the property where the off-site units are to be developed].

Providing the On-Site Affordable Units:

This development is subject to the requirements of the Affordable Housing Ordinance (AHO) set forth in HMC Chapter 10, Article 17. Pursuant to HMC Section 10-17.205(b), the Applicant may comply with the affordable housing requirements by including on-site affordable units. According to the proposed Affordable Housing Plan, [Percentage of affordable Units] of the units on the project site would be set aside for affordable housing [and the applicant will pay the affordable housing in-lieu fee for the fractional unit]. Specifically, [number of deed restricted units] [rental or for sale] units shall be deed restricted per table below:

	Number of Units	Income level	Square Footage
Studio		[Very Low-Income Low-income Moderate]	
One-bedroom			
Two-bedroom			
Three-bedroom			
Four-bedroom			

Pursuant to HMC Section 10-17.515 and Section 10-17.525, the developer shall enter into and record against the property an Affordable Housing Agreement (AHA) that shall include all elements set forth in the ordinance prior to the approval of a final map or issuance of the first building permit, whichever occurs first. Additional rental or resale restrictions, deeds of trust, option agreements and/or other documents acceptable to the City Manager or designee shall be recorded.

### Providing Off-Site Affordable Units:

This development is subject to the requirements of the Affordable Housing Ordinance (AHO) set forth in HMC Chapter 10, Article 17. Pursuant to HMC Section 10-17.205(c), the Applicant may construct affordable units not physically contiguous to the development (off-site) if approved by the Decision-Making Body. According to the proposed Affordable Housing Plan, the applicant will deed restrict [number of deed restricted units] [rental or for sale] units as affordable units on a project located at [Address of project with affordable units] which represents [Percentage of affordable Units] of the units on the project site. Specifically, the units shall be deed restricted per table below:

	Number of Units	Income level	Square Footage
Studio		[Very Low-Income Low-income Moderate]	
One-bedroom			
Two-bedroom			
Three-bedroom			
Four-bedroom			

Pursuant to HMC Section 10-17.225, the schedule for completion of the off-site Affordable Units shall be concurrent with completion of the related market-rate units. According to the proposed Affordable Housing Plan, the units [will or will not] be comparable to the units on the project site [If units are not comparable, it should be noted how applicant will compensate for the difference. Will they provide more units, larger units, or deeper affordability?]

Pursuant to HMC Section 10-17.515 and Section 10-17.525, the developer shall enter into and record against the property an Affordable Housing Agreement (AHA) that shall include all elements set forth in the ordinance prior to the approval of a final map or issuance of the first building permit, whichever occurs first. Additional rental or resale restrictions, deeds of trust, option agreements and/or other documents acceptable to the City Manager or designee shall be recorded. The AHA must simultaneously be recorded against the project site and the property where the off-site units are to be developed.

### Proposing An Alternate Plan

This development is subject to the requirements of the Affordable Housing Ordinance (AHO) set forth in HMC Chapter 10, Article 17. Pursuant to HMC Section 10-17.205(d), the Applicant may propose alternatives not listed in the ordinance if approved by the Decision-Making Body. According to the proposed Affordable Housing Plan, [Percentage of affordable Units] of the units on the project site would be set aside for affordable housing. Specifically, [number of deed restricted units] [rental or for sale] units would be deed restricted per table below:

	Number of Units	Income level	Square Footage
Studio		[Very Low-Income Low-income Moderate]	
One-bedroom			
Two-bedroom			
Three-bedroom			
Four-bedroom			

Pursuant to HMC Section 10-17.515 and Section 10-17.525, the developer shall enter into and record against the property an Affordable Housing Agreement (AHA) that shall include all elements set forth in the ordinance prior to the approval of a final map or issuance of the first building permit, whichever occurs first. Additional rental or resale restrictions, deeds of trust, option agreements and/or other documents acceptable to the City Manager or designee shall be recorded.

Providing Rental Units in an Ownership Residential Project

This development is subject to the requirements of the Affordable Housing Ordinance (AHO) set forth in HMC Chapter 10, Article 17. Pursuant to HMC Section 10-17.205(e), the Applicant may comply with the affordable housing requirements by including rental units consistent with HMC Section 10-17.215. According to the proposed Affordable Housing Plan, [Percentage of affordable Units] of the units on the project site would be set aside for affordable housing [and the applicant will pay the affordable housing in-lieu fee for the fractional unit]. Specifically, [number of deed restricted units] rental units shall be deed restricted per table below:

	Number of Units	Income level	Square Footage
Studio		[Very Low-Income Low-income Moderate]	
One-bedroom			
Two-bedroom			
Three-bedroom			
Four-bedroom			

Pursuant to HMC Section 10-17.515 and Section 10-17.525, the developer shall enter into and record against the property an Affordable Housing Agreement (AHA) that shall include all elements set forth in the ordinance prior to the approval of a final map or issuance of the first building permit, whichever occurs first. Additional rental or resale restrictions, deeds of trust, option agreements and/or other documents acceptable to the City Manager or designee may also be recorded.





# CITY OF HAYWARD

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**File #:** CONS 18-735

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**DATE:** October 29, 2018

**TO:** Council Economic Development Committee

**FROM:** Deputy City Manager

**SUBJECT**

Small Business Assistance Program Update

**RECOMMENDATION**

That the Council Economic Development Committee (CEDC) accepts the program update.

**SUMMARY**

The following report is an overview of ongoing efforts to assist small businesses located in the City of Hayward, specifically in the Tennyson Corridor and the Downtown Area.

**ATTACHMENTS**

Attachment I Staff Report



DATE: October 29, 2018

TO: Council Economic Development Committee

FROM: Deputy City Manager

SUBJECT: Small Business Assistance Program Update

#### RECOMMENDATION

That the Council Economic Development Committee (CEDC) accepts the program update.

#### SUMMARY

The following report is an overview of ongoing efforts to assist small businesses located in the City of Hayward, specifically in the Tennyson Corridor and the Downtown Area.

#### BACKGROUND

On July 18, 2017, the City Council adopted the Small Business Incubators and Job Creators program for the Tennyson Corridor and Downtown Area. This program would facilitate the rehabilitation of commercial sites in these two areas for the development of micro-enterprise small businesses. The businesses that are to be served under the program include either minority, women or low-income owned businesses with five or fewer employees. Qualifying businesses would be eligible to receive up to \$5,000 as part of a reimbursable grant for improving or growing their businesses.

On November 7, 2017, the City Council established the Small Business Façade Rebate Program. Under this program, the property owner or business tenant (with property owner authorization) can apply for a façade rebate for commercial businesses and property owners of up to \$5,000 in the Downtown and up to \$10,000 in the Tennyson Corridor. The rebate can be used for signs, paint, awnings, or cleaning. Approval of an application and completion of eligible work must be completed prior to rebate reimbursement.

#### DISCUSSION

##### Small Business Incubators and Job Creators Program

For Fiscal Year 2018/2019, \$75,000 is currently available for the Small Business Incubators and Job Creators Program. These funds must be distributed to businesses meeting the requirements by the end of April 2019 to meet the reporting requirements for these federal dollars established by the federal Housing and Urban Development Department (HUD).

Using the practices of the Lean Innovation, staff has created an information piece and interest card that would be delivered during door to door visits to Tennyson businesses and advertised to Downtown businesses. Door to door visits will begin the first Friday of November and businesses will be screened and selected by December. The program was also promoted at the Latino Business Roundtable on October 26, 2018.

Based on the interest received, staff will implement the grant program that would issue up to \$5,000 in funds per business that meet the following requirements: must have five or fewer employees; must be located within the Tennyson corridor or in the Downtown; and must be a minority, woman or low income owned business. Businesses that are national or major chain stores, alcohol related, tobacco related, offices, gas stations, or those that have previously received façade improvement dollars will be excluded from the initial round of funding.

Dollars issued as part of the grant can be used for: the establishment, stabilization, and expansion of microenterprises; equipment upgrades; marketing materials; website presence; signage; exterior improvements; inventory purchases; technical assistance and advice; and business services to owners of microenterprises and persons developing microenterprises; and/or training and technical assistance or other support services to increase capacity of grantees to carry out microenterprise activities. Grants will be given out until the dollars are all expended on a first come, first serve basis for those that meet the qualifications. There is no repayment requirement for these dollars and would be issued as reimbursement for work completed.

#### Small Business Façade Rebate Program

For Fiscal Year 2018/2019, a total of \$100,000 in funds were allocated for the Small Business Façade Rebate Program through the CDBG program and an additional \$50,000 from Economic Development funds. Under the Small Business Façade Rebate Program, property owners and small businesses can apply for reimbursement of completed eligible projects that include washing/painting the building, replacement awnings, sign repair and replacement and property clean-up. All projects must meet the City of Hayward Design Guidelines and receive approval to proceed prior to work commencing. To date, four businesses along the Tennyson corridor have completed their projects and two businesses along B Street have been completed. Those businesses are as follows:

East Bay Wireless	27957 Leidig Court
Maria's Restaurant	27973 Leidig Court
Mary's Hair Salon	27965 Leidig Court
Sal's Tennyson Hardware	27949 Leidig Court
Dirty Bird	926 B Street
Satin Roses	1019 B Street

An additional seven businesses along Tennyson Road are expected to be completed prior to the end of the fiscal year. Five additional businesses along B Street have received approval for their design to move forward with their projects but have not completed the grant process for receiving reimbursement for the work, nor has work on the projects proceeded.

## STRATEGIC INITIATIVES

This agenda item supports the Complete Communities Strategic Initiative. The purpose of the Complete Communities Strategic Initiative is to create and support structures services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work and play for all. This item supports the following goal and objective:

Goal 1: Improve quality of life for residents, business owners, and community members in all Hayward neighborhoods.

Objective 2: Foster a sense of place and support neighborhood pride.

## FISCAL AND ECONOMIC IMPACT

The City Council approved \$350,000 for Small Business incentives as part of the FY 2018 Economic Development budget. In addition, CDBG funding also supports these programs. The small business incentives are intended to assist in the expansion and attraction of small businesses that create job opportunities for Hayward residents, and additional goods and services for our community along with implementation of the Tennyson Corridor and Complete Communities Strategic Initiatives and the Economic Development Strategic Plan.

Prepared by: Catherine Ralston, Economic Development Specialist

Recommended by: Jennifer Ott, Deputy City Manager

Approved by:



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Kelly McAdoo, City Manager



# CITY OF HAYWARD

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**File #:** RPT 18-183

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**DATE:** October 29, 2018

**TO:** Council Economic Development Committee

**FROM:** Deputy City Manager

**SUBJECT**

Approval of Meeting Topics as of October 29, 2018

**RECOMMENDATION**

That Committee members review the attached Future Meeting Topics.

**ATTACHMENTS**

Attachment I          Future Meetings Topics as of October 29, 2018



**Council Economic Development Committee  
Future Meeting Topics as of October 29, 2018**

RESPONSIBLE STAFF	FUTURE MEETING AGENDA ITEMS
Economic Development	Improve marketing of City events to local businesses to keep workers in town
Economic Development	Analysis of sales tax revenues generated by housing versus retail uses
Economic Development	Report back on workforce development activities
Economic Development	Have a Maker Space representative give a presentation or take a tour and hold a meeting there
Development Services	Update of Downtown Specific Plan Update
Community & Media Relations Division	Marketing and Branding Update (consistency of efforts)
Economic Development	Economic Development Strategic Plan Update